

CENTRAL GOVERNMENT

FINANCE ACCOUNTS

1937-38

AND THE

AUDIT REPORT

1939



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FINANCE ACCOUNTS OF THE CENTRAL GOVERNMENT FOR THE
YEAR 1937-38 AND THE REPORT OF THE AUDITOR GENERAL
OF INDIA

Certificate of the Auditor General of India

This compilation containing the Finance Accounts of the Central Government for the year 1937-38, and the report of the Auditor General of India, presents the accounts of the receipts and outgoings of the Central Government for the year, together with a report on the financial results disclosed by the different accounts and other data coming under examination, that is to say, both the revenue and capital accounts, the accounts of the Public debt and the liabilities and assets of the Central Government as deduced from the balances recorded in its books and other information. It supplements the reports of the Auditor General of India on the accounts of the audited expenditure of the Government for the year, separately presented in the form of Appropriation Accounts for each Grant. In compliance with Section 169 of the Government of India Act, 1935, the Auditor General's report on the accounts accompanied by the accounts themselves is submitted by the Auditor General to the Governor General to be laid before the Legislature.

The accounts for 1937-38 which as Auditor General I am required to audit, both the Finance Accounts and the Appropriation Accounts, have been examined under my direction in accordance with the provisions of the Government of India (Audit and Accounts) Order, 1936. Likewise, as prescribed by Section 170 of the Government of India Act, 1935, the accounts of transactions of the Government in the United Kingdom have been audited by the Auditor of Indian Home Accounts under my general superintendence. It is to be noted that the Auditor General's responsibility for the audit of the accounts of the Government does not extend in full to the audit of the accounts of revenue, but I am satisfied on the best information available that the accounts of revenue included in the Finance Accounts herewith presented give a correct statement of the sums brought to account. Subject to these observations and also to those contained in the detailed reports which follow and in the reports on the Appropriation Accounts, the accounts now presented are correct statements of the receipts and outgoings of the Central Government for the year 1937-38.

E BURDON,

Auditor General of India

NEW DELHI,
The 15th August 1939

)

A GENERAL FINANCE ACCOUNTS

I REPORT

Introductory

1 *Main Divisions of Accounts* There are four main divisions of Government accounts

- (1) Revenue
- (2) Capital
- (3) Debt.
- (4) Remittance

The first division deals with receipts from taxation and other sources of revenue and the expenditure therefrom, the net result of which represents the revenue surplus or deficit for the year. The second division deals with expenditure met usually from borrowed funds, such expenditure being incurred with the object either of increasing concrete assets of a material character, or of reducing future recurring liabilities, such as those for future pensions, by payment of the capitalised value. It also includes receipts of a capital nature which can properly be applied as a set-off to capital expenditure. The third division comprises receipts and payments in respect of which Government incurs a liability to repay the money received or has a claim to recover the amounts paid, together with repayments of the former and recoveries of the latter. The fourth and last division embraces all merely adjusting heads *e.g.*, cash remittances from one treasury to another, transfers between different accounting circles and remittances between India and England. Credits and debits taken to the adjusting heads in the first instance are cleared eventually by adjustment under final heads.

The transactions included in these accounts represent mainly the actual cash receipts and disbursements during the financial year April to March, as distinguished from amounts due to or by Government during the same period. The cash basis system is, however, not entirely suitable for recording the transactions and presenting the true state of affairs of Government Commercial undertakings run on strictly commercial principles. The detailed accounts of this class of undertakings are therefore maintained outside the regular accounts in proper commercial form and these accounts are subjected to a suitable check by the Indian Audit Department.

2 *Sections and Heads of Accounts* Within each of the four divisions mentioned above, the transactions are grouped into Sections which are further sub-divided into the Major heads of Accounts. The Sections are distinguished by letters of the alphabet, a single letter denoting the revenue portion and a double letter denoting the capital portion of a particular category of transactions, *e.g.*, Section A denotes the revenue (and expenditure) grouped as 'Principal Heads of Revenue' and Section AA denotes the capital expenditure on works connected therewith. The Major heads in the Revenue and Capital divisions are numbered serially, Roman numerals being employed on the receipt side and Arabic on the disbursement side. No numbering is adopted for debt and remittance heads, though these are also arranged in Sections.

The Major heads are sub-divided into Minor heads and the Minor heads into Sub-heads and Detailed heads. Under each of these heads, the expenditure is shown distributed between non-voted and voted. The Major Minor and Sub-heads prescribed for the classification of expenditure in the general accounts are not necessarily identical with the Grants, Sub-heads and other units of grants and appropriations which are selected by the Finance Department for Demands for Grants and the Appropriation Accounts, but in general, a certain degree of correlation is maintained between the Demands for Grants and the Appropriation Accounts on the one hand and the Finance Accounts on the other.

3 *Balances and Reserves* The accounts work from balance to balance, these balances working up to the general cash balances, which are kept partly in treasuries in India and partly in the Bank of England, London, while the rest is deposited with the Reserve Bank of India. Outside these cash balances are the Cash Balance Investment Account and other special Reserves invested outside the general cash balance of Government.

4 *Changes in General Structure of the Accounts* The general structure of the accounts from 1937-38 has been recast to correspond with the changes in financial system entailed by the new constitution and the changes in banking and accounting arrangements consequent on the Provinces taking over and managing their own balances with effect from the date of introduction of Provincial Autonomy. The changes introduced from 1937-38 are briefly summarised below.

- (1) Complete separation of the accounts of Provincial Governments from the accounts of the Central Government and the constitution of the accounts of each autonomous Province as an independent entity with separate cash balances in treasuries and in the Reserve Bank.
- (2) A general recasting of the list of Major and Minor heads to conform to the new division of functions between the Central and Provincial Governments.
- (3) Abandonment of the system of final accounting in the books of the Secretary of State and the High Commissioner for India of receipts and disbursements of Government in the United Kingdom and the substitution in its place of a system of adjustment of these transactions in the Indian books.

(Throughout this part of the report the amounts shown represent thousands of rupees unless the contrary is specifically indicated.)

SUMMARY OF TRANSACTIONS FOR THE YEAR UNDER REPORT (1937-38).

5. A summary of the detailed transactions during the year under report as compared with the Budget for the year is given in the subjoined statement

Statement showing the summary of the Transactions for the year under Report (1937-38).

Receipts	1	[In thousands of rupees]				Disbursements	[In thousands of rupees]			
		Budget Estimates 1937-38	Actuals 1937-38	More (+) Less (-)			Budget Estimates 1937-38	Actuals 1937-38	More (+) Less (-)	
		2	3	4		5	6	7	8	
		Rs	Rs	Rs			Rs	Rs	Rs	
REVENUE										
Principal Heads of Revenue—										
Customs		42,60,50	43,10,75	+50,25	Direct Demands on the Revenue					
Central Excise Duties		7,16,00	7,66,36	+50,36						
Corporation Tax		1,44,94	1,88,32	+43,38						
Taxes on Income other than Corporation Tax		12,85,06	12,69,85	-15,21						
Salt		8,25,00	8,38,77	+13,77						
Opium		49,52	50,76	+1,24						
Other heads		94,04	96,94	+2,90						
Total Principal Heads		73,75,06	75,21,75	+1,46,69						
Railways—Net Receipts		30,13,74	32,65,58	+2,51,84	Railways—Interest and Miscellaneous charges		29,98,92	29,89,93	-8,99	
Irrigation—Net Receipts		1,01	1,85	+84			11,35	10,12	-1,23	
Posts and Telegraphs—Net Receipts		76,98	1,29,08	+52,10			72,75	71,82	-93	
Debt Services		71,35	58,31	-12,84			14,12,22	14,99,95	+87,73	
Civil Administration		91,73	1,04,29	+12,56			10,42,79	10,43,68	+89	
Currency and Mint		1,06,49	75,08	-31,41			34,00	37,30	+3,30	
Civil Works and Miscellaneous		34,71	31,62	-3,09			2,87,23	2,50,24	-36,99	
Public Improvements		1,41,51	1,41,38	-13			3,76,76	3,83,86	+7,10	
Miscellaneous		5,22,10	5,25,38	+3,28			49,83,92	52,60,20	+2,76,28	
Defence Services		5,07,20	3,93,47	-1,13,73						
Extraordinary Items										
Total Revenue Receipts*		1,19,41,88	1,22,47,99	+3,06,11			3,15,90	3,15,90		
							1,19	3,31	+2,12	

FINANCE ACCOUNTS CENTRAL GOVERNMENT.

Capital Expenditure within the Revenue Account (Details by Major Heads are given in Account No 2)		13,70	8,24	-8,55
Total Expenditure on Revenue Account*		1,19,34,71	1,22,47,99	+3,13,28
Capital outlay outside the Revenue Account (Details by Major Heads are given in Account No 2)				
Public Debt incurred	1,44,00,02	1,66,37,75	+22,37,73	-2,38,16
Unfunded Debt incurred	70,21,47	69,12,38	-1,09,09	+19,86,25
Deposits and Advances by the Central Government	81,03,33	96,79,33	+15,76,00	+2,48,66
Loans and Advances by the Central Government	3,68,97	4,88,17	+1,19,20	+16,95,07
Remittances	1,90,45,79	2,37,75,86	+47,30,07	-13,11
				+48,40,90
				-10,60,00
Total Receipts				
	6,08,81,46	6,97,41,48	+88,60,02	+77,72,89
Opening Cash Balance†				
	16,88,12	8,63,66	-8,24,46	+2,62,67
GRAND TOTAL				
	6,25,69,58	7,06,05,15	+80,35,56	+80,35,56

Rs Nil
 *Revenue Surplus/Deficit during the year
 †Increase of balance during the year
 2,67,53

Revenue.

The increase of 3,06,11 in the revenue receipts is the net result of an increase of 4,82,52 under certain heads and a decrease of 1,76,41 under other heads. Of the net increase the Railways alone are responsible for 2,51,84. The more important of the variations are summarised below.

INCREASES.

Customs .. .	50,25	Improvement in trade conditions (Bengal 1,45,43), import of motor spirits and kerosine oil from Burma not provided for in Budget, abnormal receipts on account of silk fabrics, threads, yarns, etc., (Madras 78,02), partly counterbalanced by smaller receipts in Sind (1,55,18) due to unfavourable trend of trade and decrease in the import of Kerosine at the Karachi Port on account of increased production of indigenous kerosine oil and diversion of trade in kerosine to Bombay on account of lower wharfage dues charged by the Bombay Port Trust *and refund of duty on motor spirit and kerosine oil supplied to the Defence Services during 1937-38 (14,29)
Central Excise Duties	50,36	Duties on motor spirit and kerosine oil issued from Burma before the 1st April 1937 but not provided for in Budget
Corporation Tax .	43,38	General progress of recovery and less refunds. This being the first year of the estimate under the new head, correct estimates could not be framed in the absence of sufficient data
Salt	13,77	Larger demand for Salt
Opium	1,24	Increased sale of "Biscuit Opium", "Mewar Opium", "Medical Opium" and "Neemuch Ball Opium".
Other Heads	2,90	Rise in demand for stamps from treasuries in Bombay; and larger receipts in Baluchistan under "Land Revenue" and "Forest"
Railways—Net Receipts .	2,51,84	The increase of 2½ crores is the net result of the variations under traffic receipts and working expenses. The increase under the former is chiefly under goods earnings (2¼ crores) and coaching earnings (1½ crores) on account of the improvement of traffic, reduced by the increase under working expenses on account of repairs to locomotives and increased cost and freight of coal, etc., (1¼ crores), repairs to coaching and goods Stock, (¼ crore) and increase in the payment of share of surplus profits to Companies and Indian States and of net earnings to branch lines (¼ crore) mainly due to more traffic
Posts and Telegraphs—Net Receipts	52,10	Increase in gross receipts (33,97) mainly due to growth of traffic and extension of Trunk and local Telephones. Decrease in working expenses (18,13) due to delay in the inauguration of the Empire Air-Mail Scheme, transfer of charged-off maintenance and other stock to Store Depots, larger recoveries from the Government of India by rise in the number of savings bank transactions and less expenditure under Stationery and Printing and audit charges

*Although there was an increase on this account in Bombay, the increase did not materialise in view of Excise duty on motor spirit having been credited to a separate head.

Civil Administration

- 12,56 Improvement mainly due to following causes —
 XXVIII—Public Health—Refund (3,60) by the
 Simla Municipality of the unspent grant for
 Simla Improvement Scheme
 XXIX—Agriculture (1,12)—Increased fumigation
 receipts on account of larger import of American
 Cotton bales
 XXXIV—Broadcasting (98)—Expansion of the
 Broadcasting Department
 XXXV—Indian Stores Department (2,51)—More
 purchases through the Department
 XXXVI—Miscellaneous Departments—Migration
 fees from a larger number of emigrants to
 Ceylon and Malaya (1,03) and license fee of
 Explosive Department (2,00) not included in
 the original estimate

Defence Services

- 3,28 Mainly due to refunds of advances made to His
 Majesty's Government in the previous year on
 account of unemployment insurance, Indian
 Share of Indian Troops Service charges and larger
 recoveries from the Government of Burma on
 account of leave and pension contributions in
 respect of personnel lent for service under that
 Government, partly counterbalanced by smaller
 receipts from Military Lands

DECREASES

Taxes on Income other than
Corporation Tax

- 15,21 The actual realisation was 1,09,66 more than the
 Budget estimate The surplus was converted
 into a deficit owing to the assignment to Pro-
 vinces of their share in the divisible proceeds not
 provided in the budget, as shown below —

Actual realisation 13,94,72

Budget 12,85,06

More 1,09,66

Assignment to Provinces 1,24,87

Less 15,21

Debt Services

- 12,84 Decrease mainly due to repayment in full of the
 Kidderpore Dock Loan by the Calcutta Port
 Commissioner on the 1st October 1937 (Bengal
 4,24) and fall in the market price of securities
 held in the Silver Redemption Reserve (England
 8,86)

Currency and Mint

- 31,41 Decrease under Currency mainly due to reduction
 in the surplus profits of the Reserve Bank of
 India payable to Government owing to the low
 rates of interest on short dated sterling securities,
 partly counterbalanced by an increase under
 Mint on account of increase in the absorption of
 small coin

Civil Works and Miscellaneous
Public Improvements

- 3,09 Mainly due to the receipts arising out of the Military
 Land Scheme Bombay having been adjusted
 under XLVI—Miscellaneous, while in the esti-
 mate they were included under Civil Works

Extraordinary Items

- 1,13,73 Mainly due to smaller amount transferred to Revenue
 from the Revenue Reserve Fund (1,05,80) and
 smaller annuity receipts from the Government
 of Burma (8,19) partly counterbalanced by in-
 crease in Baluchistan and England (26)

Expenditure.

The expenditure charged to revenue exceeded the Budget estimates by 3,13,28 which was the net result of increases and decreases under various heads, the Defence Services alone being responsible for an excess of 2,76,28. The more important of the variations are explained below

INCREASES

Debt Services	87,73	Mainly due to bonus on Post Office Cash Certificates, the discharges having been heavier than anticipated (78,36) and interest payments in Bombay on 4 per cent loan of 1960—70 being more than budgeted for (9,82)
Currency and Mint	3,30	Increased demand for Currency notes and coin
Miscellaneous	7,10	Mainly due to large increase under Superannuation and Retired Allowances including pensionary charges of the Assam Rifles which, it has been decided, will, with effect from the 1st April 1937 be borne wholly by the Central Government (3,16), expenditure in connection with His Majesty's Coronation (1,44), payments arising out of the Military Land Scheme (1,68) and expenditure in Stationery and Printing Department (84)
Defence Services	2,76,28	Due mainly to expenditure on Waziristan Operations, grant of amenities to British Troops, the abandonment of the Abattoir and Cold Storage Schemes, additional expenditure on Quetta Reconstruction and the transfer of expenditure on Defence and Military Finance Departments to Defence Services
Extraordinary Items	2,12	Increased expenditure on Quetta reconstruction

DECREASES

Direct Demands on the Revenue	10,45	Composed of decreases and increases under a large number of heads, of which the largest decrease falls under Customs, due mainly to smaller payments to the Travancore and Cochin Governments consequent on the fall in customs revenue at Cochin during 1936-37 (10,40)
Railways—Interest and Miscellaneous charges	8,99	The decrease is due to the following causes— Reduction in interest on debt, due to reduction in the actual capital outlay on account of postponement of works, etc and exchange on sterling interest (9½ lakhs), smaller payments of subsidy to branch lines on account of improvement in earnings (1 lakh) Survey expenses transferred to capital (1½ lakhs) set off by a net increase on account of capital expenditure of an abandoned project transferred to Railway Miscellaneous Expenditure (3 lakhs)
Civil Works and Miscellaneous Public Improvement	36,99	Mainly smaller expenditure on reconstruction of Quetta and non-execution of works
Capital expenditure within the Revenue Account	5,55	The savings occurred mainly in the capital outlay on Salt Works (3,42) and on Posts and Telegraphs (3,32) the former due to an adjustment made by debit to Northern India Salt Revenue Depreciation Reserve Fund on account of deferred revenue expenditure before transferring the balance of the said fund to the Renewals Reserve Fund substituted in its place from the 1st April 1938,

Capital expenditure within the
Revenue Account *contd*

and the latter on account of reduction in the programme of building works of the Posts and Telegraphs Department. A large number of Works was postponed on account of the shortage of certain sizes of steel components or because the detailed plans and estimates were not ready within the anticipated time. The above savings are partly counterbalanced by increases on account of commutation of pensions met from Revenue (77) and on Irrigation Works (42).

Capital Outlay outside the Re-
venue Account

2,38,16

The important savings are explained below —

(*) Construction of State Railways (1,99,18)—The saving of about 2 crores excludes the lump cut of $1\frac{1}{2}$ crores made by the Railway Board in the estimates framed by the Railway Administration. The total saving of $3\frac{1}{2}$ crores is due to the following —

Postponement and cancellation of works, changes in programme, revision of estimates and delay in sanction to estimates, modification of schemes, slower progress, etc ($1\frac{2}{3}$ crores)

Assets abandoned without replacement or replaced by different types, adjustment between capital and depreciation fund or revenue on the basis of detailed estimate involving credit to capital and sale of land, etc ($1\frac{1}{2}$ crores)

Share in branch lines purchased previously from Capital transferred to Depreciation Fund ($\frac{1}{3}$ crore). Construction of two new lines not commenced owing to certain matters in connection therewith being under reference with the Sind Government ($\frac{1}{3}$ crore)

Partly reduced by the increase in Stores, etc ($\frac{1}{2}$ crores)

(ii) Capital outlay on Posts and Telegraphs (23,03)—Postponement of works owing to rise in prices of materials, delay in settling guarantees and compensation, default of supplying contractors and change of plans

(iii) Capital outlay on Vizagapatam Port (4,17)—Mainly due to unanticipated credits on account of Lova garden as a result of legal proceedings and some works for which provision was made not being proceeded with pending a review of the financial prospects of the port

(iv) Nasirabad Section of the Lloyd Barrage and Canals System (2,24)—The budget provision was based on the figures in the revised financial forecast, whereas the estimate of the Lloyd Barrage and Canals Construction by the Sind Government showed a great variation. The savings were due to calculations based upon later requirements

(v) Payments to retrenched Personnel (3,73)—Due to the decision of the Government of India to write off to revenue during the year the entire balance outstanding under this head

(vi) Commuted Value of Pensions (2,82)—Smaller payments than anticipated

(vii) Abandonment of certain items of work in connection with the removal of the Imperial Institute of Agricultural Research from Pusa to Delhi (1,52)

(viii) Less initial expenditure on the Construction of new Capital at Delhi (1,41)

Debt, Deposit, etc., Heads.

Public Debt—		Excluding 18,00,00 representing temporary loans taken from the Reserve Bank of India and repaid during the year, from both the Receipts and Disbursements, the variations are explained below —
Receipts	+ 4 37,73	Conversion of loans and repatriation of sterling loans (1,08,48) and sales of Treasury Bills (3,29,25)
Disbursements	+ 1 86 25	Mainly, repatriation and cancellation on account of purchase of sterling loans
Unfunded Debt— Receipts	-1,09,09	Chiefly, fall in Post Office Savings Bank Deposits partly counterbalanced by increased contribution to the Funds in Railway and Defence Departments
Disbursements	+ 2,48,66	Heavier discharges of Post Office Cash Certificates and heavier withdrawal of Post Office Savings Bank Deposits, increased expenditure in Railway and Defence on account of deaths and retirements, partly counterbalanced by smaller payments in England
Deposits and Advances—		
Receipts	+ 15,76,00	
Disbursements	+ 16,95,07	Increase of 15½ crores under the receipt head is mainly composed of Civil Deposits (4½ crores), Advances (3 crores), Silver Redemption Reserve (6½ crores), Equalisation Funds, Defence Services (1½ crores), while the increase of 17 crores on the disbursement side is mainly composed of Civil Deposits (4½ crores), Advances (3 crores), Depreciation Reserve Railway (2 crores), Defence Reserve Fund (1½ crores), Silver Redemption Reserve (6½ crores), counterbalanced by Revenue Reserve Fund (1 crore)
Loans and Advances by the Central Government—		
Receipts	+ 1,19,20	Mainly, prepayment of outstanding loan by Bahawalpur Durbar (26,07) and more receipts from Provincial Governments than anticipated (92,52)
Disbursements	—13,11	Mainly, non-utilisation of Reserve (10,00)
Remittances—		
Disbursements	+ 48,40,90	
Receipts	+ 47 30,07	
Net disbursement	1,10,83	Mainly due to Local Remittances Other Remittances not provided for in the Budget
Balances of Provincial Governments—		
Disbursements	—10,60,00	Transfer of balances to Provincial Governments was effected by correction of opening balance without passing any actual entries in the accounts

REVENUE POSITION OF GOVERNMENT

GENERAL STATEMENT

6 The year 1937-38 marked the beginning of the new Constitution introduced with effect from the 1st April, 1937 by the Government of India Act, 1935, with its attendant changes running practically through the whole structure of Central finance. Apart from the changes in the nomenclature and contents of some of the accounts heads, there were two special events, namely, the separation of Burma and the various adjustments with the provinces under the Niemeyer Report, which affected the estimates for the year under report. It was estimated that the separation of Burma would result in a deterioration of 2,33 lakhs in the budget position of the Central Government while the adjustments with provinces were expected to cost 1,85 lakhs to the Central Government. These extra burdens on the budget were expected to result in a deficit of 1,77 lakhs during the year which was intended to be met by the utilisation of the whole of the Revenue Reserve Fund of 1,84 lakhs, leaving a small surplus of 7 lakhs.

The actual revenue receipts during the year amounted to 1,21,70 lakhs excluding the transfer from the Revenue Reserve Fund and exceeded the budget forecast by 4,12 lakhs, and the revenue expenditure, which amounted to 1,22,48 lakhs, was in excess of the budget estimate by 3,13 lakhs. The improvement in revenue is attributable mainly to Railways, while, for the greater portion of the increase in expenditure, the Defence Services were responsible. Against the anticipated deficit of 1,77 lakhs, the actual deficit was 78 lakhs, and withdrawal was made to this extent only from the Revenue Reserve Fund to balance the budget instead of the whole of 1,84 lakhs in the Fund as originally contemplated. The deficit would have been greater but for a contribution of 2,76 lakhs from Railways against 15 lakhs anticipated in the budget.

The total receipts of all Railways during the year amounted to 1,01,69 lakhs against the estimate of 97,36 lakhs. The working expenses including share of surplus profits paid to Company railways and payment of net earnings to worked lines were 69,03 lakhs against 67,22 lakhs provided in the budget. The net receipts amounted to 32,66 lakhs against the estimate of 30,14 lakhs, and after allowing for the miscellaneous expenditure and interest charges amounting to 29,90 lakhs against the budget provision of 29,99 lakhs, the net result was a surplus of 2,76 lakhs against 15 lakhs anticipated in the budget. The increase of 2,61 lakhs in the surplus was due mainly to the general improvement of traffic both under Coaching and Goods as a result of the improved trade conditions and also of the various forms of concessions and facilities afforded by the Railways to attract traffic. The net surplus of 2,76 lakhs was paid to general revenues in part payment of the total amount of the contribution of 4,33 lakhs due from Railways in 1937-38.

As observed above, the deterioration in the expenditure position was in a large measure due to the Defence Services. The original net sanctioned appropriation for the Defence Services during the year was 44,62 lakhs. The final net appropriation was 47,35 lakhs, an increase by 2,73 lakhs. The actual excess in the Defence expenditure was, however, 2,86 lakhs, the balance of 13 lakhs being met by an additional withdrawal from the Defence Reserve Fund. This excess of 2,86 lakhs was mainly

due to the operations in Waziristan which cost about 1,84 lakhs Among the subsidiary items which contributed to the excess the more important were

	Lakhs
(i) Inclusion of expenditure on the Defence Secretariat under "58 Defence Services—Effective"	13
(ii) Grant of enhanced amenities to British Troops	30
(iii) Payment of compensation, etc, consequent on the abandonment of the Abattoir Scheme	22
(iv) Rise in prices	10
(v) Additional expenditure on Quetta Reconstruction	14
(vi) Reorganisation of British Cavalry and Infantry	4

CAPITAL OUTLAY OUTSIDE THE REVENUE ACCOUNT

CAPITAL OUTLAY DURING THE YEAR

7. The following table shows the capital expenditure outside the Revenue Account incurred during the year 1937-38

Nature of Expenditure	Expenditure During 1937-38
(1) 66—Capital Outlay on the Security Printing Press	82
(2) 67-A —Construction of State Railways—Commercial	38,21
(3) 67-B —Construction of State Railways—Strategic	13,62
(4) 67-C —Capital contributed by Railway Companies towards outlay on State Railways (<i>included in 67-A above</i>)	1,94,79
(5) 68.—Construction of Irrigation, Navigation Embankment and Drainage Works Lloyd Barrage and Canals Constructions, Nasirabad Section	44
(6) 69—Capital Outlay on Posts and Telegraphs	40,09
(7) 71—Capital Outlay on schemes of Agricultural Improvement and Research —Transfer of Imperial Institute of Agricultural Research from Pusa to Delhi	85
(8) 73—Capital Outlay on Vizagapatam Port	30
(9) 77—Currency Capital Account—Currency Note Printing Press	—1
(10) 78 Initial Expenditure on New Capital at Delhi	28,14
(11) 83—Payments of Commuted Value of Pensions	21,85
(12) 85—Payments to Retrenched Personnel	—8,61
Total	3,28,25

The capital expenditure of 52 lakhs under (2) and (3) is the net figure after allowing for the credits to capital on account of assets retired or abandoned (1,52 lakhs), investment in branch line shares decided to be transferred to Depreciation Fund (31 lakhs) and for addition to Stores in Stock (37 lakhs)

The amount against (4) represents debentures raised by Company-managed railways for expenditure on State lines which were discharged by the Government during the year

The irrigation revenues pertaining to the lands in the Nasrabad Tehsil of Baluchistan irrigated by the Lloyd Barrage and Canals Constructions (Khirtar Branch) are retained as Central Revenues and the Central Government bears the proportionate share of capital cost and working expenses incurred by the Government of Sind on the Lloyd Barrage and Canals Constructions Scheme

The progressive capital expenditure outside the Revenue Account of the Central Government as recorded under the various major heads up to the end of the year 1937-38 has been shown in Statement No 6 on pages 83 and 84 and amounted to Rs 769 crores

GENERAL STATEMENT OF FINANCIAL RESULTS OF COMMERCIAL DEPARTMENTS.

(1) Railways.

8 The year 1937-38 is the second year in which the Railways have been able to earn a surplus after six years of deficits. After the separation of Railway from general finance in 1924-25, railways produced surpluses up to and including 1929-30. The surplus in 1929-30, however, fell short of the contribution payable to general revenues by about 2 crores. Thereafter, there were deficits in working, which were met by utilising the available balance in the Railway Reserve Fund and by loans from the Depreciation Reserve Fund. The total contribution made to general revenues during the first seven years was $41\frac{2}{3}$ crores and the contribution postponed during the subsequent years was $32\frac{1}{3}$ crores. In addition the Railways borrowed $31\frac{1}{2}$ crores from the Depreciation Reserve Fund, of which $1\frac{1}{4}$ crores being the surplus of 1936-37 was repaid in that year. It has been decided that the two liabilities, *viz*, the arrears of contribution to general revenues and loan from the Depreciation Reserve Fund need not be made good before 1st April 1940 or before the fixation under Section 187(1) of the Government of India Act, 1935, of the sum therein referred to, whichever is earlier. Under this arrangement the surplus of $2\frac{3}{4}$ crores earned in 1937-38 was paid to general revenues in part payment of the contribution due from railways for that year.

With the separation of Burma from the 1st April, 1937, the figures of Burma Railways have been eliminated, wherever necessary. The figures reviewed here also exclude the transactions of worked lines. Two important changes in regard to worked lines may, however, be mentioned, *viz*, the purchase of the Bezwada Masulipatam Railway by Government from the 4th February, 1938 and the handing over to Mysore State of the working of the Mysore Railways which were worked by the Madras and Southern Mahratta Railway till the 1st January, 1938.

The budget for 1937-38 anticipated gross traffic receipts of $90\frac{3}{4}$ crores and revenue expenditure of $61\frac{1}{2}$ crores. The net revenue including miscellaneous receipts was estimated at $29\frac{1}{2}$ crores and the interest charges at $29\frac{1}{2}$ crores, the net effect being a surplus of 15 lakhs. Actually the gross traffic receipts realised were 95 crores and the revenue expenditure was 63 crores. The net revenue including Miscellaneous receipts was 32 crores and the interest charges were $29\frac{1}{4}$ crores, yielding a surplus of $2\frac{3}{4}$ crores.

The budget estimates for earnings were prepared on a somewhat conservative basis as the Government were not sure that the improvement just then noticeable would be maintained throughout the next year. The results of working, however, showed that the earnings increased by $4\frac{1}{4}$ crores over the budget anticipation, the improvement in passenger earnings being $1\frac{1}{2}$ crores and in goods earnings $2\frac{3}{4}$ crores.

As compared with the previous year, there was an improvement of $3\frac{1}{4}$ crores, the noticeable increases being $1\frac{1}{2}$ crores in passenger earnings and 1 crore in goods earnings. The improvement in passenger earnings was mostly under III class traffic. In the goods earnings the commodities contributing important increases were coal for the public and home and foreign railways, etc., $1\frac{3}{4}$ crores, metallic ores $\frac{1}{2}$ crore and wheat $\frac{1}{4}$ crore, while cotton raw and manufactured was responsible for a decrease of $1\frac{1}{2}$ crores.

The revenue expenditure showed an increase of $1\frac{1}{2}$ crores over the budget anticipation and this occurred chiefly under cost and freight of coal, repairs to Rolling stock, etc., mainly on account of unexpected increase in traffic.

As compared with the previous year, there was an increase of $2\frac{1}{4}$ crores. About 2 crores was due to the causes stated above and $\frac{1}{4}$ crore to the payments to Provincial Governments, under the Government of India Act, 1935, of the expenses incurred by them in providing Police for the maintenance of order on railway premises.

The net revenue including miscellaneous receipts showed an improvement of $2\frac{1}{2}$ crores over the budget anticipation. There was a slight increase in Miscellaneous expenditure mainly due to payment of increased share of Surplus Profit to Company Railways and Indian States of 13½ lakhs on account of the improvement in earnings.

There was a slight drop of about 10 lakhs in the interest charges resulting in a net surplus of $2\frac{3}{4}$ crores against the budget anticipation of 15 lakhs.

It may be mentioned that the contract for the working of the Madras and Southern Mahratta Railway by the Company which expired on the 31st December 1937 was extended on certain modified terms up to 31st December 1945, the net surplus, which was previously divisible between the Railway Company and the Government in proportion to the Capital invested by each is now divisible on a sliding scale, which is more favourable to Government.

The contribution made from Revenue to the Depreciation Reserve Fund during the year was $12\frac{1}{2}$ crores and the amount withdrawn from the Fund for expenditure on renewals and replacements or utilised to write off the value of abandoned assets was $7\frac{3}{4}$ crores. A further sum of a little over $\frac{1}{4}$ crore was utilised towards investment in Branch Line shares with a net credit to the Fund of $4\frac{1}{2}$ crores during the year against $6\frac{1}{2}$ crores as anticipated. The balance in the Fund at the end of 1937-38 stood at $19\frac{1}{4}$ crores against the anticipated balance of $20\frac{1}{2}$ crores. This is exclusive of $30\frac{1}{4}$ crores loaned to Revenue to meet deficits in previous years and of 40 lakhs loaned to Branch Line Companies or invested in their shares.

Under 'Capital New Constructions' the budget for the year provided for an expenditure of 30 lakhs for the construction of two new projects in Sind, the Sind Right Bank Feeders line from Larkana to Jacobabad and the line from Pithoro to Tando Mithakhan. The construction of these lines could not be undertaken during the year as no final settlement had been reached with the Sind Government.

The Open Line Works programme for 1937-38 provided for an expenditure of $10\frac{1}{2}$ crores, made up to $4\frac{1}{3}$ crores for track renewals, $3\frac{1}{2}$ crores for rolling stock, $3\frac{1}{4}$ crores for structural works, $\frac{3}{4}$ crore for bridge works, $\frac{1}{3}$ crore for the purchase of Bezawada Masulipatam Railway and a reduction of $\frac{1}{2}$ crore from stores in stock and of a crore on account of credits for released materials. But on the past experience that the Railways would not be able to work up to this programme, a lump sum cut of $2\frac{1}{3}$ crores was applied and the provision made in the budget was $8\frac{1}{4}$ crores only. Against this the actual expenditure incurred was $8\frac{1}{2}$ crores, of this, Track Renewals accounted for $3\frac{3}{4}$ crores, Rolling Stock for 3 crores, Structural works for $1\frac{3}{4}$ crores, bridge work for $\frac{1}{2}$ crore and Stores Suspense for $\frac{1}{3}$ crore, and the purchase of Bezawada Masulipatam Railway for $\frac{1}{3}$ crore, against the gross total of $9\frac{3}{4}$ crores due to these items, there were credits to the extent of $1\frac{1}{4}$ crores on account of released materials, thus bringing the net expenditure to $8\frac{1}{2}$ crores.

(ii) Posts and Telegraphs Department.

9 After allowing for the separation of Burma and Aden, the original budget provided for a net receipt of Rs 77 lakhs which after payment of the interest charges of Rs 73 lakhs was expected to yield a surplus of Rs 4 lakhs. Actually the net receipts amounted to Rs 1,29 lakhs and after paying the interest charges of Rs 72 lakhs there was a surplus of Rs 57 lakhs. The surplus is the highest for any year from 1925-26 when the accounts of the Department were placed on a commercial basis for the first time.

The difference between the anticipated and actual surplus is the result of an improvement of Rs 34 lakhs under Receipts, a reduction of Rs 18 lakhs under Expenses and a reduction of Rs 1 lakh under interest Charges. The effect of separation of Burma and Aden on the revenues could not be accurately assessed as the revenue under certain joint heads could not be allocated on a proper basis. Apart from this factor, the improvement in revenue was the result of normal growth in traffic due to favourable trade conditions and the reduction in expenditure was due to the delay in the introduction of the Empire Air Mail Scheme and to larger credits for work done on behalf of other departments and by recoveries of stores. The saving under interest charges was due to reduction in capital outlay on account of changes in the programme of works.

The net profit or loss of the Department merges in general revenues and the Department is given a rebate equivalent to the interest due on the accumulated net surplus or is surcharged with interest on the accumulated net deficit, as the case might be. The loss on traffic carried at concessional rates as also the loss on the non-commercial activities in the Radio Branch have, however, been hitherto immune from the surcharge. The Department was also reimbursed the loss due to the concessional rate on Foreign State telegrams transmitted on the business of other departments in the Central Government or of Provincial Governments. It has now been decided that, with effect from 1938-39, the Department should not only pay surcharge on the

loss on Press telegrams and the Radio Branch but that the Department will now also be re-imbursed the loss on Foreign State telegrams sent by other Departments of the Central Government

It has also been decided that the accumulated loss on Press traffic amounting to Rs 204 lakhs should be reimbursed to the Central Government as follows —

By lump payment from the Renewals Reserve Fund	Rs 102 lakhs
From the revenue surplus of 1937-38	„ 55 75 „
By annual payments of 8 5 lakhs out of the revenue balance on a Sinking Fund basis	„ 46 25 „

Under the above decisions the surplus of 1937-38 has been appropriated as follows

For cancellation of past deficits of the Department	1 25 lakhs
Towards repayment of the accumulated losses on account of Press telegrams	55 75 „

Total „ 57 „

(iii) Irrigation

10 *Financial results of Irrigation Works* Irrigation works are classified as Productive or Unproductive, according as the net revenue (gross revenue less working expenses) derived from each work on the expiry of ten years from the date of closure of the construction estimate, covers or does not cover the prescribed annual interest charges on the capital invested

I Productive Works

The Nasirabad Section of the Lloyd Barrage Canals Project in Baluchistan which was completed in 1933, is expected to be Productive. The following table summarises the financial results of the Nasirabad Section

	1936-37	1937-38
(1) Capital outlay at the end of the year	1,07,53	1,07,97
(2) Gross receipts	3,15 ⁷ (a)	3,19 (a)
(3) Working expenses	8,95	1,91
(4) Interest on Capital	5,17	5,13
(5) Net profit (+) or loss (—)	—10,97	—3,84
(6) Percentage of profit or loss to Capital outlay	10 17	3 56
	(Loss)	(Loss)

The percentage of loss during 1937-38 was less than that during 1936-37, because in the year 1936-37 the Government of India paid the share of the working expenses for the years 1932-33 to 1936-37 for the first time to the Government of Sind

(a) represents portion of land revenue due to Works. It is made up of 9/10th Irrigation share of land revenue less collection charges

II *Un-productive Works*

The financial results of the Unproductive Works in the Central Areas are, summarised in the following table—

(1)	Ajmer-Merwara		Baluchistan	
	1936-37	1937-38	1936-37	1937-38
(2)	(3)	(4)	(5)	(6)
(1) Capital outlay at end of the year	35,66	36,01	35,89	35,96
(2) Gross receipts	95	1,02	40	75
(3) Working expenses	65	62	63	73
(4) Interest on Capital	1,15	1,16	1,35	1,35
(5) Net profit (+) or loss (—)	—85	—76	—1,58	—1,33
(6) Percentage of profit or loss to Capital Outlay	2 38 (Loss)	2 11 (Loss)	4 4 (Loss)	3 69 (Loss)

Ajmer-Merwara These works are all irrigation tanks

Baluchistan The increase in working expenses during the year 1937-38 compared with the year 1936-37 is due to increased expenditure on special repairs to the Khusdil Khan and the Marginal Bunds

REVIEW OF DEBT POSITION

STATEMENT OF BORROWINGS

II The following statement shows the debt position of the Central Government at the beginning and close of the year under review —

Nature of Debt	On 1st April 1937	On 31st March 1938	Difference (+ or —)
	2	3	4
<i>Rupee Debt (in Lakhs)</i>			
Permanent Debt	4,37,88	4,38 82	+94
Floating Debt	28,54	38,01	+9,47
Unfunded Debt	2,13,93*	2,18,10	+4,17
Grand total—Rupee Debt	6 80 35	6,94,93	+14,58
<i>Sterling Debt (in £ 000)</i>			
Permanent Debt	356,053(x)	350,920	—5,133
Unfunded Debt	12,500	8,941	—3,559
Total Sterling Debt	368,553	359,861	—8,692
The same converted into lakhs of Rs at £1 = Rs 13½	4,91,40	4,79,81	—11,59
Gross total Debt (Rupees and sterling)	11,71,75	11,74,74	+2,99
Deduct—(in lakhs)			
Outstanding Loans and Advances made by the Central Government	1,50,54(c)	1,46,52	4,02
Net Total of Debt (Rupees and Sterling) expressed in lakhs of rupees	10,21,21	10,28,22	+7,01

(*) Differs from last year's closing balance by reason of corrections since made

(x) The opening balance is less than the amount outstanding on 31st March 1937 by the proportion (7½ per cent) assumed by the Government of Burma on separation (viz., £1,254,075) out of the liability for British Government 5 per cent War Loan 1929-47 taken over by India

(c) Differs from last year's closing balance due to corrections

It will be seen from the statement above that there has been an increase of
 94 lakhs under Permanent Debt Rupee Debt,
 9,47 lakhs under Floating Debt (India),
 and a reduction of

6,84 lakhs under Permanent Debt—Sterling Debt and
 58 lakhs under Unfunded Debt
 (India +417
 England —475)

2,99

There has also been a reduction of assets of 4,02 under Loans and Advances by the Central Government (excess of recoveries over disbursements) and the net result has been an increase in the total outstanding debt of the Central Government during the year under review by Rs 7,01 lakhs. No new loan has been floated nor any loan discharged during the year, but taking advantage of the average market prices of the sterling securities in England which were appreciably lower than those of the corresponding rupee securities in India, the Government of India were able to effect some reduction in the amount of sterling debt outstanding by purchasing and cancelling them. The total nominal value of the securities cancelled in this way in the course of the year was about Rs 400 lakhs. Out of this a sum of 112 lakhs of rupees represented value of non-terminable securities for which rupee securities were created in India.

The statement below shows how this increase in the debt has been utilised

		(In lakhs of Rupees)	
<i>Receipts</i>		<i>Disbursements</i>	
Addition to 'Debt'	7,01		
Deposits and Advances (net)	7	Capital expenditure not charged to Revenues	3,28
Sinking Fund for Central Loans	1,37		
Other appropriations	1,15	Remittances (net)	1,13
Depreciation Reserve Fund—Railways	4,59		
Defence Services Equalisation Fund	—1,22		
Purchases and Sales of Silver	4,58		
Post Office Cash Certificate Bonus Fund	—1,15		
Miscellaneous items (net)	—9	Addition to cash balance	2,67(a)
	+7		
	7,08		7,08
(a) Opening cash balance on 1st April 1937			8,64*
Closing cash balance on 31st March 1938			11,31
Increase in cash balance			2,67

* Differs from last year's closing balance by reasons of corrections, etc

REDUCTION OR AVOIDANCE OF DEBT

12 Under the Scheme of Debt Redemption originally adopted by the Government of India for five years from 1925-26 to 1929-30 which, with certain minor changes, continued to operate till 1932-33, the annual charge against the Central Revenues for the purpose of making provision for Reduction or Avoidance of Debt was to consist of

- (i) a sum of Rs 4 crores, *plus*,
- (ii) a sum representing one eightieth of any excess in the total of the debt outstanding at the end of the preceding year over the total outstanding on 31st March, 1923

This annual charge was according to the scheme, to be applied towards meeting the following charges of an obligatory character involving the actual redemption of Debt

- (a) Railway Sinking Funds in operation,
- (b) Depreciation Funds of $1\frac{1}{2}\%$ on the existing 5% Rupee Loans for which Sinking Funds were established,
- (c) The Capital portion of the liabilities assumed in respect of the British 5% War Loan 1929-47 and
- (d) The Capital portion of Railway annuities

The actual provision in 1924-25 the year before the scheme was applied, was Rs 3 78 crores and in 1932-33 the amount had risen to 6 84 crores. In 1933-34, however, the annual provision was reduced for that and the two following years to a round sum of Rs 3 crores only with the concurrence of the Secretary of State, in view of the strengthening of the general financial position. This reduced provision was to be regarded as covering the obligatory charges mentioned at (a), (b) and (c) above and a part of (d), *i e*, the Capital portion of Railway Annuities. The same amount was provided for in 1936-37 as the Railways were not still in a position to make their contribution to the general revenues.

For the year 1937-38, no increase in the provision was made in spite of the contribution of Rs 2,75,65,273 by the Railways to general revenues, on the other hand a reduction of Rs 48 lakhs was made in the annual provision of Rs 3 crores for the reason stated below.

Repayment of the principal of the loans granted to Provincial Governments are brought to account in the Debt Section of the Central Government's account. In the first year after the introduction of Provincial Autonomy, owing to a change in the dates of payments made to suit the convenience of Provinces, the equated instalments paid by the several provincial Governments contained a larger element of Capital and a smaller amount of interest. As a set off against this, the annual provision from the Central Revenues for Reduction or avoidance of debt has been reduced by a round sum of Rs 48 lakhs, *i e*, to Rs 2 52 crores.

This sum of Rs 2 52 crores has, therefore, been charged to Revenues during 1937-38 and has been shown in the Appropriation Account of Grant No 11 Interest on Ordinary Debt and Reduction or Avoidance of Debt against sub-heads O and P. The details are .

	Rs	A	P
(a) Railway Sinking Funds in operation £200,000 paid during the year	26,52,849	11	10
(b) Depreciation Fund of 1½ per cent on the existing 5 per cent. Rupee Loans for which Sinking Funds have been established—			
(1) 5 per cent Income Tax free loan 1945-55 ..	95,04,000	0	0
(2) 5 per cent Loan 1939-44	41,67,000	0	0
(c) Capital portion of Railway annuities £1,962,072-7-11 (converted to Rs 2,60,25,416 3-8) paid during the year of which a portion only was adjusted against Rs. 2 52 crores after meeting (a) and (b) above	88,76,150	4	2
Total	2,52,00,000	0	0

No payment has been made during the year in respect of item (c) of sub-paragraph 2 above, i.e., Annual payment in reduction of India's outstanding liability in respect of the British War Loan.

The amount shown under sub-head "O" refers to item (b) above and represents expenditure in India while those under "P" corresponding to item (a) and (c) as detailed above represent expenditure booked in the Secretary of State's Accounts.

These payments have been examined in audit and found to be in order. The appropriation to the Depreciation Funds of the 5% Rupee Loans was in accordance with the undertaking given by the Government of India. There were no payments from the funds during the year. It was not necessary to purchase any securities from the Sinking Fund for the 5% Loan 1945-55 in accordance with the undertaking given by Government. In regard to the Sinking Fund for the 5 per cent Loan of 1939-44 it was stipulated that when the balance in the Sinking Fund amounted to more than 5 per cent of the loan then outstanding, the surplus should be utilised in purchasing in the market other Government Securities which stood below their respective issue prices. During the year under review the market price of the 2½ per cent Loan of 1948-52 alone was below the issue price and that too for short periods by a few annas only and in view of this the Government of India held that it was not obligatory on their part to have arranged to purchase securities of the loan in question from the money in the Sinking Fund, though the accumulations in the Fund exceeded 5 per cent of the total outstanding of the 5 per cent loan 1939-44.

The question of an increase in the provision for reduction or avoidance of debt was raised in 1936 by some members of the Public Accounts Committee, the Hon'ble the Chairman of the Committee (The Hon'ble the Finance Member) stated that the question was being considered by the Government of India. The final orders of the Government are still (December 1938) awaited.

LOANS AND ADVANCES BY THE CENTRAL GOVERNMENT

13 The transactions under this head and the balances outstanding at the beginning and end of the year are given in the following table

Heads of Account	(In thousands of rupees)				
	Balance outstanding on 1st April 1937	Advances made in 1937-38	Total	Recoveries made in 1937-38	Balance outstanding on 31st March 1938
(1)	(2)	(3)	(4)	(5)	(6)
Advances to Provincial Governments	1,27,22,97	1,13	1,27,24,10	2,52,52	1,24,71,58
Loans to Indian States	13,24,29	15,00	13,39,29	51,40	12,87,89
Loans to Local Funds, etc	9,68,79	40,65	10,09,44	1,58,35	8,51 09
Loans to Government servants	38,35	29,27	67,62	25,90	41,72
Total	1,50,54,40	86,05	1,51,40,45	4,88,17	1,46,52,28

Advances to Provincial Governments This head records loans granted by the Central Government to the Provincial Governments including the balances of the liabilities of the Provincial Governments to the Provincial Loans Fund on the 31st March 1937 which were not cancelled under the scheme for the decentralisation of balances and the cancellation and consolidation of debt on the introduction of Provincial Autonomy, as well as advances made by the Central Government to certain Provincial Governments direct during the year 1936-37. Advances to the Coorg Administration are also included and the figures shown as advances in 1937-38 represent advances to this Administration. The terms of repayment as prescribed by the Government of India have been fulfilled and the outstanding balances at the end of the year accepted by the Provincial Governments concerned.

Loans to Indian States These represent advances made by the Government of India to the Indian States prior to the 1st April 1937.

The instalments in repayment of these advances were duly paid except in one case in Bombay in which the default in the payment of instalments has been condoned by Government.

A sum of Rs 15 lakhs was paid to the Cochin Government during the year in connection with its harbour works. The loan is repayable in equated instalments in 10 years.

Out of the balance of loans to Indian States a sum of Rs 11,88,01 is due from the Bahawalpur State on account of the State portion of expenditure on the Sutlej Valley Project and the balance of Account Current transactions. The portion of the loan on account of the Sutlej Valley Project expenditure is being repaid on a graduated scale commencing from 1935-36 and will be completely repaid by 31st March 1936 while that on account of Account Current transactions is being repaid in annual equated payments of 3,03. The State made a prepayment of Rs 20 lakhs during the year. This brings the total amount of repayment (including discount allowed thereon) to the end of 1937-38 to 25,97. The annual acceptance of the balance of Bahawalpur Sutlej Valley Project Loan by the Bahawalpur Government has been dispensed with under the orders of the Auditor General, as, under the terms of agreement, it is not possible for the Durbar to verify the balance of the loan at the end of each year.

Loans to Local Funds, etc This head includes advances of the following classes

	Balance on 31st March 1938
Loans to Major Port Trusts and Port Funds	6,50,68
Loans to Municipalities	75,68
Loans to District and other Local Fund Committees	41,64
Loans to Landholders and other Notabilities .	81
Loans to Railway companies .	20,10
Advances to Cultivators	16,88
Advances under Special Laws	34,97
Miscellaneous Loans and Advances	10,33
Total	8,51,09

The balance on 1st April 1937 against Loans to Local Funds includes four Provincial loans in Bombay amounting to 3,42,75 taken over by the Central Government

Loans to Major Port Trust and Port Funds Recoveries were made regularly in all cases except in the case of the loan of Rs 3 lakhs which was granted to the Cochin Landing and Shipping Dues Fund free of interest and the terms of repayment of which have not yet (December 1938) been settled and of the loan to the Chittagong Port Trust which did not pay their instalments due in March 1938 during the year. In the latter case, the Government of India have waived the levy of penal interest on overdue instalments paid during 1938-39

Loans to Landholders and other Notabilities Two instalments of Rs 150 each recoverable from an Afghan refugee during the year remained in arrears

Loans to Railway Companies The balance under this head represents an advance to the Bombay, Baroda and Central India Railway Company originally made from the assets of the Company's Provident Fund, since 1917, when the assets and liabilities of the Company's Provident Fund were taken over by Government, it has virtually become a loan from Government to the Company. The conditions of the loan have been fulfilled

Advances to Cultivators The balances under this head represent outstandings on account of advances made under the Land Improvement Act, Agriculturists' Loans Act and Advances to Co-operative Societies for which detailed accounts are maintained by the District or Revenue authorities. In the North-West Frontier Province, the progress of recovery having been poor, the instalments were reported (September 1938) to have been fixed and the work of realisation started. The total write-off under this head during the year amounted to 7 out of which Baluchistan was responsible for 6 and Andamans and Coorg for 1

Advances under Special Laws The balance is composed of advances to

(i) Istimrardars of Ajmer	1,52
(ii) Delhi Joint Water Board	33,45

The detailed accounts of item (v) are kept by the departmental authorities. In regard to a loan of 2,34 under item (vi), there was a belated payment of the instalment due on the 11th August 1937 which was condoned by Government.

Miscellaneous Loans and Advances A net amount of 88 was due from Tibet for repayment during 1937-38 (a total sum of 12 having been paid in excess in previous years). Out of this, a sum of 20 only was paid during the year and a further sum of 10 in April 1938. The matter has been brought to the notice of the Government of India. In the case of a loan granted to the Young Women's Christian Association, a sum of 6 was paid in advance under the orders of Government. The equated half-yearly instalment due on the 12th January 1938 was paid late but the delay was condoned by Government.

Advances to Government servants These advances represent temporary loans to Government servants under the control of the Central Government for house-building, purchase of motor cars and other conveyances, etc., and carry interest at prescribed rates. The head also includes interest-free advances for house repairs to Government servants in the Posts and Telegraphs Department affected by the Earthquake in Bihar.

Up to the end of 1936-37 the funds required for making these advances were provided entirely from the resources of the Central Government, although loans were granted to the personnel under the control of both the Central and Provincial Governments. With the inauguration of provincial autonomy the Central Government no longer act as banker for the provinces. Under the new constitution these advances have been decentralised and where the recipient of the loan is clearly the employee of a Provincial Government, the loan is met by the Provincial Government. The balances outstanding on the 31st March 1937 of loans granted to the personnel of the Provincial Governments have been transferred to the respective Governments which will in future make necessary provision for advances to and recoveries from their respective servants.

The grant to Government servants of house-building advances, advances for the purchase of conveyances, tents, etc., has been discontinued by the Central Government from the 13th May 1937 in the case of persons entering Government Service after that date and from the 1st March 1938 in the case of others.

There were four cases, involving small amounts, of write-off of principal and interest aggregating Rs. 481 in the Posts and Telegraphs and the Defence Departments. In the Civil Department, on account of the death of a borrower, the Government of India sanctioned the write-off of the balance of the motor car advance amounting to Rs. 1,414 outstanding against him after crediting to Government the proceeds from the sale of the motor car. No serious case of irregularity in the repayment of instalments has been reported. Several cases of non-acceptance of balances have come to notice due to the death, retirement or leave *ex-India* of the borrowers.

GUARANTEES GIVEN BY THE CENTRAL GOVERNMENT IN RESPECT OF LOANS RAISED BY PROVINCIAL GOVERNMENTS, RAILWAY COMPANIES, LOCAL BODIES, ETC

14 The statement below shows capital or loans raised by railway companies not treated as Capital contributed by Companies towards outlay on State Railways in

Government Accounts, on which guarantees have been given by the Government

Railway.	Particulars of Loans	Rate of interest	Actual amount of the loan raised on which guarantee has been given by the Government
1	2	3	Rs
1. Hardwar Dehra	Stock and share	3%	31,50,000
	Debentures	4%	5,00,000
2 Futwah Islampur	Share Capital	3½%	11,50,000
	Loans	4½% (including ½% commission to Managing Agents)	62,629
	Loans	5%	7,50,000
3 Dagbare-Jamalpurānj (Bengal Provincial)	Share Capital	4% of which 3½% guaranteed by Government and ½% by Bengal Provincial Railway	3,34 000
4 Ahmadpur Katwa	Share Capital	3½%	17,24,000
	Debentures	3½%	3,00,000
	Loans	Imperial Bank rate (now 3%)	48,387
5 Bankura-Damodar River	Share Capital	3½%	34,00,000
	Debentures	3½%	4,00,000
	Overdraft	Imperial Bank rate (now 3%)	2,21,254
6 Burdwan-Katwa	Share Capital	3½%	17,80,000
	Debentures	3½%	3,50,000
7 Kalghat Falta	Share Capital	3½%	19,50,000 (a)
	Debentures	4½%	3,00,000
	Debentures	4%	1,50,000
8 Chaparmukh Silghat	Share Capital	3½%	31,00,000
	Loans	5%	1,50,000
	Loans	5% (reduced to 4% with effect from 1st July 1937)	1,00,000
9 Katakhal-Lala Bazar	Share Capital	3½%	8,91,000
	Debentures	4%	6,50,000

Funds have also been raised by the Secretary of State for railway purposes by the issue, through Railway Companies working State lines, of ordinary share capital, debenture stock and debentures. The total sterling amount outstanding on the 31st March 1938 and payable in the event of termination of the various contracts was £22,876,248, in addition to £684,580 in respect of the line leased from the South

(a) Out of this Rs 3,00,000 have been subscribed by the Government of India

Behar Railway Company Although the interest on these stocks and bonds is, in most cases, guaranteed by Government, they are not in the nature of direct obligations and are not therefore included in the Public Debt of the Central Government

SUMMARY OF GENERAL FINANCIAL POSITION.

15 The financial effect of the constitutional changes on the revenue position of the Central Government consequent on the separation of Burma and the introduction of provincial autonomy with effect from the 1st April 1937 has been briefly described in paragraph 6 As explained in that paragraph, although the deficit was expected to amount to Rs 1,77 lakhs, the actual deficit was about one crore less, necessitating the withdrawal of a smaller amount from the Revenue Reserve Fund than anticipated

As shown in the statement in paragraph 11 above, the total gross liabilities of the Central Government at the close of the year amounted to 11,75 crores As against this, 1,47 crores were due from Provincial Governments, Indian States, Local bodies and others on account of loans and advances granted to them The net liability was thus 10,28 crores against 10,21 crores outstanding on the 1st April 1937, the latter figure being arrived at after taking into account the financial adjustments necessitated by the scheme for the decentralisation of balances and cancellation of debts based on the proposals made in Sir Otto Niemeyer's Indian Financial Enquiry Report for which corresponding account adjustment was made Paragraph 11 explains how this additional receipt of 7 crores by increase in the debt has been utilised by Government

Out of the total debt a sum of about 7,71 crores is invested in interest-yielding assets in Railways, Posts and Telegraphs and Irrigation (productive) Works which account for about 66 per cent of the total debt, of which the largest share is absorbed in the Railways The Government is making an annual provision of 3 crores for the amortisation of its debt, but for reasons explained in paragraph 5 of the Hon'ble Finance Member's speech on introducing the budget for 1938-39, the provision for the year was reduced by 48 lakhs

The statement in paragraph 7 shows the total progressive outlay met from borrowed funds

Until the end of the financial year 1936-37 the Government of India was responsible for maintaining funds required for all Government transactions in India and Burma and there was only one Government balance for India as a whole But, with the introduction of provincial autonomy, the book balances of the provinces as on the 31st March 1937, which were held in deposit with the Central Government on that date, were made over to the provinces on the 1st April 1937 partly in the form of physical cash balances in their treasuries and sub-treasuries and partly in the form of cash credits to their accounts with the Reserve Bank of India This resulted in the cash balance of the Government of India which stood at Rs 21,36 lakhs on the 31st March 1937 being reduced to Rs 8,64 lakhs on the 1st April 1937 At the end of the year under report the cash balance stood at Rs 11,31 lakhs, there being an increase of Rs 2,68 lakhs in the balance

A GENERAL FINANCE ACCOUNTS

PART II ACCOUNTS

No 1 - GENERAL ABSTRACT OF RECEIPTS AND DISBURSEMENTS

Receipts 1	Actuals for 1937-38 2	Disbursements 3	Actuals for 1937-38 4
	Rs		Rs
Revenue—		Expenditure—	
Principal Heads of Revenue		Direct Demands on the	
Customs	43,10,74,977	Revenue	3,73,44,052
Central Excise Duties	7,66,35,711	Railways Interest and	
Corporation Tax	1,88,32,044	Miscellaneous Charges	29,89,93,003
Taxes on Income other than		Irrigation	10,11,652
Corporation Tax	12,69,85,574	Posts and Telegraphs	71,81,848
Salt	8,38,76,738	Debt Services	14,99,94,514
Opium	50,75,644	Civil Administration	10,43,68,457
Other Heads	96,94,499	Currency and Mint	37,30,144
	—	Civil Works and Miscella-	
Total Principal Heads	75,21,75,187	neous Public Improve-	2,50,24,300
		ments	
Railways Net Receipts	32,65,58,276	Miscellaneous	3,83,85,999
Irrigation Net Receipts	1,85,461	Defence Services	52,60,20,178
Posts and Telegraphs		Contributions and Miscella-	
Net Receipts	1,29,07,715	neous Adjustments	
Debt Service	58,51,415	between Central and	
Civil Administration	1,04,28,939	Provincial Governments	3,15,89,523
Currency and Mint	75,07,899	Extraordinary Items	3,31,466
Civil Works and Miscella-		Capital expenditure charged	
neous Public Improve-		to revenue (Details by	
ments	31,61,784	Major Heads are given in	
Miscellaneous	1,41,37,533	Account No 2)	8,24,425
Defence Services	5,25,38,111		
Extraordinary Items	3,93,47,241	Total Expenditure charged to	
		revenue (A)	1,22,47,99,561
Total Revenue Receipts (A)	1,22,47,99,561		
Public Debt incurred	1,66,37,75,000	Capital outlay not charged to	
Unfunded Debt incurred	69,12,38,009	Revenue (Details by Major	
Deposits and Advances	96,79,33,223	Heads are given in Account	
Loans and Advances by the		No 2)	3,28,26,121
Central Government	4,88,16,999	Public Debt discharged	1,62,81,42,582
Remittances	1,88,76,24,157	Unfunded Debt Discharged	69,69,42,355
Transfer of Cash between		Deposits and Advances	96,72,21,795
England and India	48,99,61,449	Loans and Advances by the	
		Central Government	86,04,878
		Remittances	1,89,88,96,690
		Transfers of Cash between	
		England and India	48,99,61,449
Total Receipts	6,97,41,48,398	Total Disbursements	6,94,73,95,431
Opening balance (B)	8,63,65,700	Closing balance (B)	11,31,18,667
GRAND TOTAL	7,06,05,14,098	GRAND TOTAL	7,06,05,14,098

(A) Revenue Surplus during the year — Nil

(B) Increase of balance during the year — Rs 2,67,52,967

No 2—SUMMARY OF REVENUE AND EXPENDITURE BY MAJOR HEADS

FINANCE ACCOUNTS CENTRAL GOVERNMENT

Actuals for 1937-38

Heads of Revenue	Actuals for 1937-38	Heads of Expenditure	Actuals for 1937-38		
			Non-voted	Voted	Total
1	2	3	4	5	6
			Rs	Rs	Rs
A—Principal Heads of Revenue—		A—Direct Demands on the Revenue—			
I—Customs	43,10,74,977	1 Customs	27,11,501	92,08,870	1,09,20,371
II—Central Excise Duties	7,66,35,711	2 Central Excise Duties	8,220	8,37,967	8,46,187
III—Corporation Tax	1,88,32,044	3 Corporation Tax	2,955	8,92,905	8,95,860
IV—Taxes on Income other than Corporation Tax	12,69,85,574	4 Taxes on Income other than Corporation Tax			
V—Salt	8,38,76,738	5 Salt	89,485	65,40,507	66,29,992
VI—Opium	50,75,644	6 Opium	43,43,522	62,76,365	1,06,19,887
VII—Land Revenue	19,18,263	7 Land Revenue	1,65,051	22,83,375	24,48,426
VIII—Provincial Excise	21,16,773	8 Provincial Excise	3,87,934	1,64,867	5,52,801
IX—Stamps	36,36,764	9 Stamps	90,915	3,55,665	4,46,580
X—Forest	16,02,053	10 Forest	2,04,189	15,41,906	17,46,095
XI—Registration	90,086	11 Registration	3,31,163	16,89,410	20,20,573
XII—Receipts under Motor Vehicles Acts	3,30,560	12 Charges on account of Motor Vehicles Acts	3,182	5,178	8,360
				2,08,920	2,08,920
Total	75,21,75,187	Total	83,38,117	2,90,05,935	3,73,44,052
B.—Railways Revenue Account—		B.—Railway Revenue Account—			
XV -A—State Railways—		15 -A—State Railways—Commercial Lines—	26,74,71,902	2,61,247	26,77,33,149
Commercial Lines—		Interest on Debt	1,16,33,859		1,16,33,859
Gross Receipts	99,00,50,268	Interest on Capital contributed by Companies and Indian States			
Deduct—		15 -B—State Railways—Strategic Lines—	1,32,61,282	5,72,587	1,32,61,282
Working Expenses	63,60,72,723	Interest on Debt			
Share of surplus profits paid to Indian States and Railway Companies	52,54,861	15 C—Subsidised Companies			
Payments to worked lines	2,92,79,970	15 -D—Miscellaneous Railway Expenditure—	22,60,159	36,37,634	58,98,093
Net Receipts	31,94,42,714	Commercial Lines			
XV -B—State Railways—		15 -E—Miscellaneous Railway Expenditure—			
Strategic Lines—		Strategic Lines	10,565	—1,16,532	—1,05,967
Gross Receipts	1,44,86,512				
Deduct—Working expenses	1,97,20,703				
Net Receipts	—52,34,191				
XVI—Subsidised Companies	11,99,010				
XVI -A—Railway Miscellaneous Receipts	1,02,39,565				
(a) Commercial Lines	9,11,178				
(b) Strategic Lines					

C—Irrigation, Navigation, Embankment and Drainage Works— XVII—Works for which Capital accounts are kept— Gross Receipts Deduct—Working Expenses Net Receipts XVIII—Works for which no Capital accounts are kept	Total	32,65,58,276	Total	29 16,38,067	13 51,936	20,89,93,003
D—Posts and Telegraphs— XIX—Posts and Telegraphs— Gross Receipts Deduct—Working Expenses Net Receipts XX—Interest	Total	11,10 89,403 10,20,81,888 1 29,07,715	C—Revenue Account of Irrigation, Navigation, Embankment and Drainage Works— 17—Interest on Works for which Capital accounts are kept 18—Other Revenue Financed from ordinary revenue	7,61,123 1,58,397	89,132	7,64,123 2,47,629
E—Debt Services— 22—Interest on Debt and other Obligations— A Interest on Ordinary Debt— (a) Rupee Debt (ii) Sterling Debt B—Interest on Unfunded Debt C—Interest on other obligations D—Transfers— Deduct—Interest transferred to— Railways Irrigation Posts and Telegraphs Other Commercial Departments Provincial Governments Commuted Value of Pensions	Total	1 55,461	D—Posts and Telegraphs Revenue Account— 20—Posts and Telegraphs—Interest on Debt 21—Debt Services— 22—Interest on Debt and other Obligations— A Interest on Ordinary Debt— (a) Rupee Debt (ii) Sterling Debt B—Interest on Unfunded Debt C—Interest on other obligations D—Transfers— Deduct—Interest transferred to— Railways Irrigation Posts and Telegraphs Other Commercial Departments Provincial Governments Commuted Value of Pensions	9,22,520	80,132	10,11,652
XX—Interest	Total	58,51,415	Total Transfers Net 23—Appropriation for Reduction or Avoidance of Debt Total	71,81,848	93,58,938	71,81,848
XX—Interest	Total	58,51,415	Total Transfers Net 23—Appropriation for Reduction or Avoidance of Debt Total	18,76,52,101 16,50,12,597 9,11,73,962 97,51,879	8,84,605 10,61,070 74,13,263	18,85,37,006 16,60,73,667 10,15,87,225 97,51,879
XX—Interest	Total	58,51,415	Total Transfers Net 23—Appropriation for Reduction or Avoidance of Debt Total	—28,07,36,179 —7,61,123 —72,30,532 —6,84,854 —1,93,22,183 —21,20,092	—28,07,36,179 —7,61,123 —72,30,532 —6,84,854 —1,93,22,183 —24,20,092	—28,07,36,179 —7,61,123 —72,30,532 —6,84,854 —1,93,22,183 —24,20,092
XX—Interest	Total	58,51,415	Total Transfers Net 23—Appropriation for Reduction or Avoidance of Debt Total	—34,11,58,263 11,54,35,576	—34,11,58,263 93,58,938	—34,11,58,263 12,17,94,514
XX—Interest	Total	58,51,415	Total Transfers Net 23—Appropriation for Reduction or Avoidance of Debt Total	2,52,00,000 14,06,35,576	2,52,00,000 93,58,938	2,52,00,000 14,90,94,514

No. 2—SUMMARY OF REVENUE AND EXPENDITURE BY MAJOR HEADS—*contd*

Heads of Revenue	Actuals for 1937-38	Heads of Expenditure	Actuals for 1937-38		
			Non-voted	Voted	Total
1	2	3	4	5	6
			Rs	Rs	Rs
F.—Civil Administration—					
XXI—Administration of Justice	1,68,743	25—General Administration—			
XXII—Jails and Convict Settlements	2,24,563	A—Heads of Provinces (including Governor General, Executive Council and Ministers)			
XXIII—Police	57,868	B—Legislative Bodies			
XXIV—Ports and Pilotage	21,71,206	C—Secretariat and Headquarters Establishments			
XXV—Lighthouses and Lightships	9,30,430	E—District Administration			
XXVI—Education	1,56,510	G—Miscellaneous			
XXVII—Medical	2,04,909	H—Charges in England—			
XXVIII—Public Health	6,72,489	A—Secretary of State for India			
XXIX—Agriculture	5,56,373	B—High Commissioner for India			
XXX—Veterinary	5,26,583				
XXXI—Co-operation	87				
XXXII—Industries	20,716				
XXXIII—Aviation	1,41,745				
XXXIV—Broadcasting	5,42,877				
XXXV—Indian Stores Department	20,25,990				
XXXVI—Miscellaneous Departments	20,27,850				
		Total			
			98,69,121	68,39,042	1,67,08,163
		26—Audit	9,36,196	89,94,280	99,30,476
		27—Administration of Justice	3,22,018	4,54,733	7,76,751
		28—Jails and Convict Settlements	3,24,397	20,77,688	24,02,085
		29—Police	13,30,373	17,68,564	30,98,937
		30—Ports and Pilotage—			
		A—Major Ports—			
		(1) Bengal Pilot Service	6,00,822	6,14,788	12,15,610
		(2) Other Charges	3,65,049	10,47,602	14,12,651
		Total			
			9,65,871	16,62,390	26,28,261
		31—Lighthouses and Lightships	10,076	9,11,765	9,21,841
		32—Ecclesiastical	27,35,051		27,35,051
		33—Payments to Crown Representative	1,05,19,427		1,05,19,427
		34—Tribal Areas	2,11,50,551		2,14,50,551
		35—External Affairs	56,86,818		56,86,818
		36—Scientific Departments	13,31,958	54,71,867	68,03,825
		37—Education—			

A —University	1,900	9,52,358	9,54,258
B —Secondary	1,14,489	6,43,141	7,57,630
C —Primary	1,12,210	3,03,476	4,15,686
D —Special	9,774	67,340	77,114
E —General	61,725	1,16,987	1,78,712
F —Charges in England	9,057	12,123	21,180
Total	3,09,155	20,95,425	24,04,580
38 —Medical	7,67,809	15,85,235	23,53,044
39 —Public Health	3,20,898	17,47,840	20,68,738
40 —Agriculture	2,75,410	44,68,139	47,43,549
41 —Veterinary	1,22,563	7,97,298	9,19,861
42 —Co-operation	120	52,719	52,839
43 —Industries	378	8,35,786	8,36,164
44 —Aviation	15,485	21,29,363	21,44,848
45 —Broadcasting		13,92,858	13,92,858
46 —Indian Stores Department	1,20,040	21,91,156	23,11,196
47 —Miscellaneous Departments	1,80,918	12,97,676	14,78,594
Total	5,75,94,633	4,67,73,824	10,43,68,457
G.—Currency and Mint—			
48 —Currency	1,82,018	13,38,049	15,20,067
49 —Mint.	1,20,795	20,89,282	22,10,077
Total	3,02,813	34,27,331	37,30,144
H.—Civil Works and Miscellaneous Public Improvements—			
50 —Civil Works	35,78,127	2,14,46,173	2,50,24,300
J.—Miscellaneous—			
54 —Famine		14,877	14,877
55 —Superannuation Allowances and Pensions	1,79,48,704	1,03,44,231	2,82,92,935
56 —Stationery and Printing	59,325	42,23,272	42,82,597
57 —Miscellaneous	33,49,725	24,45,865	57,95,590
Total	2,13,57,754	1,70,28,245	3,83,85,999
G.—Currency and Mint—			
XXXVII —Currency	27,84,004		
XXXVIII —Mint	47,23,895		
Total	1,04,28,939		
H.—Civil Works and Miscellaneous Public Improvements—			
XXXIX —Civil works	31,61,784		
J.—Miscellaneous—			
XLII —Receipts from Indian States	63,50,633		
XLIV —Receipts in aid of superannuation	7,77,832		
XLV —Stationery and Printing	23,92,392		
XLVI —Miscellaneous	46,16,676		
Total	75,07,899		
G.—Currency and Mint—			
XXXVII —Currency			
XXXVIII —Mint			
Total			
H.—Civil Works and Miscellaneous Public Improvements—			
XXXIX —Civil works			
J.—Miscellaneous—			
XLII —Receipts from Indian States			
XLIV —Receipts in aid of superannuation			
XLV —Stationery and Printing			
XLVI —Miscellaneous			
Total			

No 2 — SUMMARY OF REVENUE AND EXPENDITURE BY MAJOR HEADS—*contd*

Heads of Revenue	Actuals for 1937-38	Heads of Expenditure	Actuals for 1937-38		
			Non-voted	Voted	Total
1	2	3	4	5	6
			Rs.	Rs.	Rs.
K — Defence Services—		K — Defence Services—			
XLVII — Defence Receipts—Effective	4,82,56,726	58 — Defence Services—			
XLVIII — Defence Receipts—Non effective	42,81,385	Effective—			
		A — Defence Secretariat	13,00,067		13,00,067
		B — Defence Services proper	45,56,99,740		45,56,99,740
		59 — Defence Services—			
		Non-effective	8,44,96,620		8,44,96,620
		60 — Transfers from Defence Reserve Fund	—1,54,76,249		—1,54,76,249
Total	5,25,38,111	Total	52,60,20,178		52,60,20,178
L — Contributions and Miscellaneous Adjustments between Central and Provincial Governments—		L — Contributions and Miscellaneous Adjustments between Central and Provincial Governments—			
L — Miscellaneous adjustments between Central and Provincial Governments		61 — Grants-in aid to Provincial Governments	3,12,00,000	2,27,000	3,14,27,000
		62 — Miscellaneous adjustments between Central and Provincial Governments	1,48,961	13,562	1,62,523
		Total	3,13,48,961	2,40,562	3,15,89,523
M. — Extraordinary Items		M — Extraordinary Items—			
LI — Extraordinary Receipts	3,15,17,927	63 — Extraordinary Charges	3,22,122	9,344	3,31,466
LII — Transfers from Revenue Reserve Fund	78,29,314				
Total	3,93,47,241	Total Revenue Expenditure	1,09,22,40,714	13,17,34,422	1,22,39,75,136
		Capital Expenditure Charged to Revenue—			
		AA — 5 - A — Capital Outlay on Salt Works		—3,06,002	—3,06,002
		CC — 19 — Construction of Irrigation, Navigation, Embankment and Drainage Works	6,928	34,936	41,864
		DD — 21 — Capital Outlay on Posts and Telegraphs	6,932	3,66,191	3,73,123

JJ—55-A Commutation of pensions financed from Ordinary revenue	—83,575	7,99,015	7,15,440
Total Revenue	1,22,47,99,561		
		—69,715	8,94,140
		1,09,21,71,001	13,26,28,560
			1,22,47,99,561
			1,22,47,99,561
Total Expenditure Charged to Revenue			
Total Revenue			
Surplus (+)			
Deficit (—)			
Capital Outlay not charged to Revenue—			
AA—Principal Revenue Heads—			
66—Capital outlay on the Security Printing Press		—81,915	—81,915
BB—Railway Capital Account—			
67-A—Construction of State Railways— Commercial	35,953	37,85,118	38,21,076
67-B—Construction of State Railways— Strategic	32,992	13,29,381	13,62,353
67-C—Capital contributed by Railway Companies towards outlay on State Railways—			
Discharge of Debentures	1,94,78,555		1,94,78,555
CC—Capital Account of Irrigation, etc works—			
68—Construction of Irrigation, Navi- gation, Embankment and Drainage Works		44,252	44,252
DD—Posts and Telegraphs Capital Account—			
69—Capital Outlay on Posts and Telegraphs			
FF—Civil Administration Capital Accounts—	9,095	39,99,958	40,09,053
71—Capital Outlay on Schemes of Agricultural Improvement and Research			
73—Capital Outlay on Vizagapatam Port			
GG—Currency and Mint—			
77—Currency Capital Outlay			
		85,409	85,409
		—30,167	—30,167
		—856	—856

No 2—SUMMARY OF REVENUE AND EXPENDITURE BY MAJOR HEADS—*contd*

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FINANCE ACCOUNTS. GOVERNMENT CENTRAL.

Heads of Revenue	Actuals for 1937-38	Heads of Expenditure			Actuals for 1937-38		
		1	2	3	Non-voted 4 Rs	Voted 5 Rs	Total 6 Rs
K—Defence Services—							
XLVII—Defence Receipts—Effective			4,82,56,726				13,00,067
XLVIII—Defence Receipts—Non-effective			42,81,385				45,56,99,740
				K—Defence Services—			
				58—Defence Services—Effective—			
				A—Defence Secretariat	13,00,067		13,00,067
				B—Defence Services proper	45,56,99,740		45,56,99,740
				59—Defence Services—Non effective	8,44,96,620		8,44,96,620
				60—Transfers from Defence Reserve Fund	—1,54,76,249		—1,54,76,249
				Total	52,60,20,178		52,60,20,178
L—Contributions and Miscellaneous Adjustments between Central and Provincial Governments—							
L—Miscellaneous adjustments between Central and Provincial Governments				L—Contributions and Miscellaneous Adjustments between Central and Provincial Governments—			
				61—Grants-in aid to Provincial Governments	3,12,00,000	2,27,000	3,14,27,000
				62—Miscellaneous adjustments between Central and Provincial Governments	1,48,961	13,562	1,62,523
				Total	3,13,48,961	2,40,562	3,15,89,523
M—Extraordinary Items							
LI—Extraordinary Receipts			3,15,17,927	M—Extraordinary Items—			
LII—Transfers from Revenue Reserve Fund			78,29,314	63—Extraordinary Charges	3,22,122	9,344	3,31,466
				Total	1,09,22,40,714	13,17,34,422	1,22,39,75,136
Total			3,93,47,241	Total Revenue Expenditure			
				Capital Expenditure Charged to Revenue—			
				AA—5-A—Capital Outlay on Salt Works		—3,06,002	—3,06,002
				CC—19—Construction of Irrigation, Navigation, Embankment and Drainage Works	6,928	34,936	41,864
				DD—21—Capital Outlay on Posts and Telegraphs	6,932	3,66,191	3,73,123

JJ—55 -A Commutation of pensions financed from Ordinary revenue		—83,575	7,99,015	7,15,440
Total Revenue		—69,715	8,94,140	8,24,425
..	1,22,47,99,561	1,09,21,71,001	13,26,28,560	1,22,47,99,561
Total Expenditure Charged to Revenue				
Total Revenue		1,22,47,99,561		
Surplus (+)				
Deficit (—)				
Capital Outlay not charged to Revenue—				
AA —Principal Revenue Heads—				
66 —Capital outlay on the Security Printing Press				
BB —Railway Capital Account—				
67-A —Construction of State Railways—Commercial				
67-B —Construction of State Railways—Strategic				
67-C —Capital contributed by Railway Companies towards outlay on State Railways—				
CC —Discharge of Debentures—				
Capital Account of Irrigation, etc works—				
68 —Construction of Irrigation, Navigation, Embankment and Drainage Works				
DD —Posts and Telegraphs Capital Account—				
69 —Capital Outlay on Posts and Telegraphs				
FF —Civil Administration Capital Accounts—				
71 —Capital Outlay on Schemes of Agricultural Improvement and Research				
73 —Capital Outlay on Vizagapatam Port				
GG —Currency and Mint—				
77 —Currency Capital Outlay				

NO. 2 — SUMMARY OF REVENUE AND EXPENDITURE BY MAJOR HEADS—*concl'd*

Heads of Revenue.	Actuals for 1937-38 2	Heads of Expenditure 3	Actual for 1937-38		
			Non-voted 4	Voted 5	Total 6
		HH — Civil Works and Miscellaneous Public Improvements— 78 — Initial Expenditure on New Capital at Delhi		28,14,297	28,14,297
		JJ — Miscellaneous Capital Account— 83 — Payments of Commuted Value of Pensions	13,85,098 —41,575	7,99,684 —8,19,143	21,84,782 —8,00,718
		85 — Payments to Retrenched Personnel	2,09,00,123	1,19,25,998	3,28,26,121
		Total			
Total Revenue	1,22,47,99,561				
		Total Expenditure			
					1,11,30,71,124 14,45,54,558 1,25,76,25,682

No 3 STATEMENT SHOWING THE DISTRIBUTION BETWEEN NON-VOTED AND VOTED EXPENDITURE

1	Non-voted 2	Voted 3	Total 4
	Rs	Rs	Rs
Expenditure charged to Revenue (a)	1,10,31,75,509	91,43,59,397	2,01,75,34,906
Expenditure not charged to Revenue ..	2,09,00,123	1,19,25,998	3,28,26,121
Disbursements under Debt, Deposits, etc., treated as expenditure	.	9,40,42,093	9,40,42,093
Total .	1,12,40,75,632	1,02,03,27,488	2,14,44,03,120

(a) The figures have been arrived at as follows —

	Non-voted expenditure Rs	Voted expenditure Rs
Total expenditure as in Account No 2 . . .	1,09,21,71,001	13,26,28,560
Add Working Expenses of—		
Railways	94,70,155	68,08,58,102
Irrigation .	72,390	2,52,810
Posts and Telegraphs .	14,61,963	10,06,19,925
Total .. .	1,10,31,75,509	91,43,59,397

No 4 DETAILED ACCOUNT OF REVENUE BY MINOR HEADS

Heads	Actuals for 1937-38
	Rs
A —Principal Heads of Revenue—	
I.—Customs—	
Sea Customs—	
Imports	37,65,75,534
Exports	4,43,67,702
Imports from Burma	4,55,77,602
Miscellaneous	11,74,157
Land Customs	48,22,468
Warehouse and Wharf Rents	38,087
Miscellaneous	2,99,567
Receipts in England	350
Loss or Gain by Exchange	—2
<i>Deduct—</i>	
Share of net proceeds of Export duties assigned to Provinces	2,65,11,908
Refunds and Drawbacks	1,52,65,580
Total	43,10,74,977
II.—Central Excise Duties—	
Excise duty on motor spirit	1,36,31,661
Excise duty on Kerosene	82,12,382
Excise duty on Sugar—	
Sugar other than Khandsari and Palmyra	3,32,72,491
Khandsari Sugar	83,821
Excise duty on Matches	2,00,97,203
Excise duty on Iron and Steel	36 53 060
<i>Deduct—</i>	
Amount transferred to the Deposit Account of Khasi States	12,000
Refunds	23,02,907
Total	7,66,35,711
III. Corporation Tax—	
Ordinary Collections	2,14,16,176
<i>Deduct—</i> Refunds	25,84,132
Total	1,88,32,044
IV.—Taxes on Income other than Corporation Tax—	
Income Tax	14,89,42,329
Super Tax	1,53,38,075
Miscellaneous	1,02,221
Loss or gain by exchange	—1
<i>Deduct—</i>	
Share of net proceeds assigned to Provinces	1,24,86,951
Refunds	2,49,10,099
Total	12,69,85,574

No. 4 DETAILED ACCOUNT OF REVENUE BY MINOR HEADS *contd*

Heads	Actuals for 1937-38
A.—Principal Heads of Revenue—contd	Rs
V.—Salt—	
Sales of Government salt	40,05,476
Excise duty on salt manufactured locally	5,72,52,702
Duty on imported salt	2,39,56,776
Rents of Warehouses	1,16,312
Fees and cesses	3,51,861
Dispatch receipts	2,04,949
Miscellaneous	4,79,175
Receipts in England	89
Loss or gain by Exchange	—1
<i>Deduct—</i>	
Share of net proceeds assigned to Provinces	96,900
Refunds	23,93,701
Total	8,38,76,738
VI. Opium—	
Sale of Medical Opium	12,336*
Cost price of opium sold to Provincial Governments	46,36,097
Sale proceeds of Mewar Opium	2,32,047
Sale of Biscuit Opium	32,597
Sale proceeds of Neemuch Ball Opium	17,058
Miscellaneous	77,128
Receipts in England	69,076
Loss or Gain by Exchange	—358
<i>Deduct—Refunds</i>	337
Total	50,75,644
VII —Land Revenue—	
Ordinary revenue	22,18,091
Sale of Government estates	1
Sale-proceeds of waste lands and redemption of land tax	55
Moturpha (house-tax) collections	6,724
Rents, etc , of fisheries and other receipts classed as miscellaneous land revenue	1,99,602
Recoveries of overpayments	332
Collection of payments for services rendered	2,116
<i>Deduct—</i>	
Portion of Land Revenue due to Irrigation	4,00,377
Refunds	1,08,281
Total	19,18,263

No 4 DETAILED ACCOUNT OF REVENUE BY MINOR HEADS *contd.*

	Heads	Actuals for 1937-38
A.—Principal Heads of Revenue—contd		Rs
VIII.—Provincial Excise— „		
Country spirits	.	11,53,398
Country fermented liquor		4,600
Malt liquors		49,677
Wines and spirits (foreign liquors other than beer, medicated wines and commercial spirits)		1,91,710
Receipts from Commercial spirits including denatured spirits and medicated wines		1,436
Opium		3,71,931
Hemp and other drugs	.	3,36,891
Fines, confiscations and miscellaneous		1,405
<i>Deduct—Refunds</i>		2,275
	Total	21,16,773
IX —Stamps—		
A —Non-Judicial—		
Sale of stamps		5,35,845
Duty on impressing documents		35,457
Fines and penalties	.	3,921
Miscellaneous		154
<i>Deduct—Refunds</i>		21,798
	Total A —Non Judicial	5,53,579
B —Judicial—		
(1) Court fees—		
Court fees realised in stamps	.	2,10,082
(11) Other receipts—		
Sale of stamps..	.	5,55,244
Fines and penalties	.. ..	745
<i>Deduct—Refunds</i>	.	11,979
	Total B —Judicial	7,54,092
C —General—		
Security Printing, India—		
Recoveries from different Governments for value of stamps supplied		22,93,564
Other receipts	.	35,529
	Total C —General	23,29,093
	Total	36,36,764

No 4 DETAILED ACCOUNT OF REVENUE BY MINOR HEADS *contd*

Heads		Actuals for 1937-38
A —Principal Heads of Revenue <i>concl</i>		Rs
X —Forest—		
Timber and other produce removed from the forests, by Government agency		13,98,818
Timber and other produce removed from the forests by consumers and purchasers		53,224
Drift and waif wood and confiscated forest produce		27
Revenue from forests not managed by Government		13,053
Miscellaneous		1,36,934
Deduct—Refunds		3
Total		16,02,053
XI —Registration—		
Fees for registering documents		71,481
Fees for copies of registered documents		13,845
Miscellaneous		5,107
Deduct—Refunds		347
Total		90,086
XII —Receipts under Motor Vehicles Acts		
Receipts under the Indian Motor Vehicles Act		3,30,560
Total		3,30,560
B.—Railway Revenue Account		
XV-A —State Railways—		
Commercial Lines —		
Gross Receipts—		
Coaching Earnings		33,04,36,720
Goods Earnings		63,89,12,650
Sundry other Earnings		1,91,69,988
Suspense		15,30,910
Total Gross Receipts		99,00,50,268
Deduct—		
Working Expenses—		
A —Maintenance of Structural Works		7,64,68,369
B —Maintenance and supply of locomotive power		16,95,08,075
C —Maintenance of carriage and Wagon Stock		6,00,95,299
D —Maintenance and Working of Ferry Steamers and Harbours		28,77,817
E —Expenses of Traffic Department		10,41,12,725
F —Expenses of General Departments		4,76,22,431
G —Miscellaneous Expenses		4,25,74,374
H —Expenses of Electrical Department		1,20,21,466
I —Suspense		7,27,061
Appropriation to Depreciation Reserve Fund		12,00,65,106
Total		63,60,72,723

No 4 DETAILED ACCOUNT OF REVENUE BY MINOR HEADS *contd.*

Heads	Actuals for 1937-38
B —Railway Revenue Account—contd	Rs
Share of surplus profits paid to Indian States and Railway Companies	52,51,861
Payments to Worked Lines	
(i) Net earnings paid to worked lines	2,84,62,524
(ii) Subsidy and Rebates	7,51,070
(iii) Miscellaneous payments	66,376
Net Receipts	31,91,42,714
XV —B —State Railways—	
Strategic Lines—	
Gross Receipts—	
Coaching Earnings	52,75,363
Goods Earnings	89,22,418
Sundry other Earnings	2,88,731
Total gross Receipts	1,41,86,512
<i>Deduct—</i>	
A —Maintenance of Structural Works	29,21,917
B —Maintenance and supply of locomotive power	57,61,171
C —Maintenance of Carriage and Wagon Stock	12,41,514
E —Expenses of Traffic Department	21,36,313
F —Expenses of General Department	12,70,015
G —Miscellaneous Expenses	7,50,931
Appropriation to Depreciation Reserve Fund	56,32,779
Total Working Expenses	1,97,20,703
Net Receipts	—52,31,191
XVI —Subsidised Companies—	
Government share of surplus profits	3,27,854
Repayment of advances of interest and other items	16,539
Sale of Land	20,309
Guarantee from Provincial Governments in respect of unremunerative lines	8,34,308
Total	11,99,010

No. 4 DETAILED ACCOUNT OF REVENUE BY MINOR HEADS *contd.*

	Heads	Actuals for 1937-38
B.—Railway Revenue Account—conold		
XVI-A.—Railway Miscellaneous Receipts—		
(a) Commercial Lines—		
Interest on Depreciation Reserve Fund Balances	..	71,40,493
Interest on Railway Reserve Fund Balances	-- -- --	37
Interest and dividends on securities purchased from the Railway Reserve Fund and the Depreciation Reserve Fund		3,08,863
Contribution for Government supervision and control recoverable from Companies		11,49,981
Miscellaneous Receipts	. ..	16,40,191
(b) Strategic Lines—		
Interest on Depreciation Reserve Fund Balances	..	9,11,178
	Total	1,11,50,743
C.—Irrigation, Navigation, Embankment and Drainage Works		
XVII.—Irrigation, Navigation, Embankment and Drainage Works for which Capital Accounts are kept—		
A —Irrigation works—		
(1) Productive Works—		
Gross Receipts—		
Direct Receipts—		
Portion of Land Revenue due to Works		3,19,455
<i>Deduct</i> —Working Expenses—		
Maintenance and repairs		1,06,947
Establishment		80,210
Tools and Plant		3,820
	Net Receipts	1,28,478
(2) Unproductive Works—		
Gross Receipts—		
Direct Receipts—		
Water rates		88,966
Water supply of towns		44
Sales of water		50
Plantations		114
Water-power		1,632
Rents		252
Fines		1,077
Recoveries of expenditure		117
Miscellaneous		4,556
Portion of Land Revenue due to works		80,922
<i>Deduct</i> —Refunds		27
<i>Deduct</i> —Working Expenses—		
Extensions and improvements		20,584
Maintenance and repairs		90,685
Establishment		22,006
Tools and Plant		948
	Net Receipts	43,480

No 4 DETAILED ACCOUNT OF REVENUE BY MINOR HEADS *contd*

Heads

Actuals
for
1937-38

Rs

C —Irrigation, Navigation, Embankment and drainage Works—concl'd**XVIII —Irrigation Navigation, Embankment and Drainage Works for which no Capital Accounts are kept—****A —Irrigation Work—**

Direct Receipts—

Water rates	595
Water supply of towns	2,500
Plantations	102
Rents	380
Recoveries of expenditure	6,613
Miscellaneous	3,017

B —Navigation, Embankment and Drainage Works

Miscellaneous	119
Receipts in England	178
Loss or gain by Exchange	—1

Total 13,503

D —Posts and Telegraphs**XIX —Posts and Telegraphs—**

Abstract A —Postage and Message Revenue	8,64,71,940
Abstract B —Miscellaneous Revenue	2,85,17 663
Total Gross Receipts	11,49,89,603

Deduct—Working Expenses—

Abstract C —General Administration	10,37,049
Abstract D —Account and Audit	25,47,279
Abstract E —Control (Circle Offices)	37,90,313
Abstract F —Engineering Expenses	55,54,634
Abstract G —Pensionary charges	87,69,639
Abstract H —Stamps, Post cards, etc	12,05,779
Abstract I —Stationery and Printing	20,47,503
Abstract J —Postal expenses (including cost of combined offices)	6,50,09,881
Abstract K —Telegraph Traffic (excluding cost of combined offices)	1,32,21,027
Abstract L —Telegraph (Radio) Expenses	7,35,007
Abstract M —Telephone Expenses	28,37,383
Abstract N —Contribution to the Renewals Reserve Fund	23,13,000
Abstract R —Extraordinary Payments	6,84,287
Abstract O —Deduct—Credits to Working Expenses	—76,70,893
Total Working Expenses	10,20,81,888
Net Receipts	1,29,07,715

No. 4 DETAILED ACCOUNT OF REVENUE BY MINOR HEADS *contd*

Heads	Actuals for 1937-38
E—Debt Services	Rs
XX—Interest—	
Interest on loans and advances by the Central Government	43,15,143
Interest on advances to Railway Companies debited to capital	11,761
Interest on arrears of revenue	999
Percentage from subscribers to Service Funds on Foreign Service	181
Miscellaneous	16,776
Receipts in England	15,17,880
Loss or gain by Exchange	—7,866
<i>Deduct—Refunds</i>	3,459
Total	58,51,415
F.—Civil Administration—	
XXI—Administration of Justice—	
Sale-proceeds of unclaimed and escheated property	11,049
Court-fees realised in cash	20,615
General fees, fines and forfeitures	1,10,278
Receipts of the Federal Court	9,500
Miscellaneous fees and fines	18,060
Recoveries of overpayments	66
Collection of payments for Services rendered	2,956
Miscellaneous	3,096
Receipts in England	153
Loss or gain by exchange	—1
<i>Deduct—Refunds</i>	7,029
Total	1,68,743
XXII—Jails and Convict Settlements—	
Jails	2,547
Jail manufactures	38,161
Convict receipts at Port Blair and Nicobars	1,84,067
Recoveries of overpayments	256
Collection of payments for Services rendered	124
<i>Deduct—Refunds</i>	592
Total	2,24,563

No 4 DETAILED ACCOUNT OF REVENUE BY MINOR HEADS *contd.*

	Heads.	Actuals for 1937-38
F. Civil Administration—contd.		Rs
XXIII.—Police		
Contributions for Railway Police		6,711
Police supplied to public departments, private Companies and persons		7,453
Cash receipts under the Arms Act		1,009
Fees, fines and forfeitures		7,775
Recoveries of overpayments		880
Collection of payments for services rendered		20,668
Miscellaneous		13,435
<i>Deduct—Refunds</i>		63
	Total	57,868
XXIV —Ports and Pilotage		
(1) Bengal Pilot Service—		
Pilotage receipts		17,30,900
Miscellaneous		29,147
(2) Other receipts—		
Survey fees		1,12,907
Fees for engagement and discharge of seamen		1,60,922
Fees for registration of vessels		3,090
Examination fees and miscellaneous		1,32,680
Receipts in England		3,174
Loss or gain by exchange		1
<i>Deduct—Refunds</i>		1,610
	Total	21,71,206
XXV —Lighthouses and Lightships		
Light dues		7,27,261
Contributions		1,56,045
Miscellaneous		49,307
<i>Deduct—Refunds</i>		2,183
	Total	9,30,430
XXVI.—Education—		
A —University—		
Fees, Government Arts Colleges		27,739
B —Secondary—		
Fees, Government Secondary Schools		60,446
C —Primary—		
Fees, Government Primary Schools		263

No 4 DETAILED ACCOUNT OF REVENUE BY MINOR HEADS *contd.*

	Heads	Actuals for 1937-38 Rs
F. Civil Administration—contd		
XXVI.—Education—contd		
D—Special—		
Fees and other receipts, Government Special Schools	.	6,267
E—General—		
Contributions	.	13,275
Recoveries of overpayments	.	240
Collection of payments for services rendered		14,669
Miscellaneous	.	33,836
<i>Deduct—Refunds</i>	.	225
	Total	1,56,510
XXVII—Medical—		
Hospital receipts	.	18,543
Sale of medicines		90
Contributions		34,177
Recoveries of overpayments		2,410
Collection of payments for services rendered		1,42,291
Miscellaneous		2,648
Receipts in England		6,831
Loss or gain by exchange		—35
<i>Deduct—Refunds</i>		2,046
	Total	2,04,909
XXVIII—Public Health—		
Sale-proceeds of sera and vaccines, etc		1,35,766
Contributions		1,12,515
Recoveries of overpayments		3,68,723
Collection of payments for services rendered		13,261
Miscellaneous	.	42,151
Receipts in England		545
Loss or gain by exchange		—3
<i>Deduct—Refunds</i>		469
	Total	6,72,489
XXIX—Agriculture—		
Agricultural receipts		4,66,314
Recoveries of overpayments	.	225
Collection of payments for services rendered		89,950
Receipts in England	.	50
<i>Deduct—Refunds</i>		166
	Total	5,56,373

No 4 DETAILED ACCOUNT OF REVENUE BY MINOR HEADS *contd*

Heads	Actuals for 1937-38
F Civil Administration—contd	Rs
XXX —Veterinary—	
Other receipts . . .	5,15,922
Collection of payments for services rendered	10,661
Total	5,26,583
XXXI —Co-operation—	
Miscellaneous receipts . . .	87
Total	87
XXXII —Industries	
Industries . . .	332
Indian School of Mines . . .	20,524
Recoveries of overpayments . . .	57
Deduct—Refunds . . .	197
Total	20,716
XXXIII —Aviation—	
Aviation receipts . . .	1,36,677
Receipts in England . . .	5,333
Loss or gain by exchange . . .	—27
Deduct—Refunds . . .	238
Total	1,41,745
XXXIV —Broadcasting—	
License fees . . .	4,21,285
Other receipts . . .	1,22,434
Deduct—Refunds . . .	842
Total	5,42,877
XXXV —Indian Stores Department—	
Fees on account of purchase of stores . . .	7,16,281
Fees on account of inspection of stores purchased through the department	5,88,602
Fees on account of inspection of stores not purchased through the department	2,20,136
Testing fees recovered by the Government Test House	77,480
Testing and Inspection fees recovered by the Metallurgical Inspectorate	4,14,279
Other miscellaneous receipts . . .	61,774
Receipts in England . . .	61
Deduct—Refunds . . .	52,623
Total	20,25,990

No 4 DETAILED ACCOUNT OF REVENUE BY MINOR HEADS *contd*

Heads		Actuals for 1937-38	Rs
F. Civil Administration—<i>concl'd</i>			
XXXVI —Miscellaneous Departments			
<i>Labour and Emigration—</i>			
Emigration fees			1,33,167
Fees for registration of Trade Unions	..	.	19
<i>Miscellaneous—</i>			
Registration of Accountants			38,003
Examination fees			1,69,797
Patent fees			2,40,189
Sale of stores and materials			33
Fees for the inspection of steam-boilers			11,979
Registration of Joint Stock Companies			3,53,232
Miscellaneous			10,80,923
Receipts in England	..		8,535
Loss or gain by exchange	..		—279
<i>Deduct—Refunds</i>			7,748
Total			20,27,850
G. Currency and Mint—			
XXXVII Currency—			
Share of surplus Profits of the Reserve Bank	.	.	9,96,532
Currency Note Printing Press	.	..	16,94,563
Value of old Currency Notes assumed to be no longer in circulation			80,636
Value of unclaimed Currency Notes		.	18,382
Miscellaneous	.	..	11,806
<i>Deduct—Refunds</i>	17,915
Total			27,84,004
XXXVIII —Mint—			
Profit on circulation of bronze and copper coins	..	.	11,02,243
Profit on circulation of nickel coins	..	.	32,27,657
Assay Fees	.	..	67,910
Other gain on silver coinage operations	.	.	3,061
Miscellaneous	.	.	3,17,262
Receipts in England	6,077
Loss or gain by exchange	—31
<i>Deduct—Refunds</i>	.	..	284
Total			47,23,895

No 4 DETAILED ACCOUNT OF REVENUE BY MINOR HEADS *contd.*

Heads.	Actuals for 1937-38
Rs	
H Civil Works and Miscellaneous Public Improvements	
XXXIX —Civil Works—	
Rents	20,42,050
Interest on Cemetery Endowments	24,732
Ferry receipts	31,249
Recoveries of expenditure	1,71,318
Miscellaneous	9,05,193
<i>Deduct—Refunds</i>	12,758
Total	31,61,784
J —Miscellaneous—	
XI II —Receipts from Indian States—	
Receipts from Indian States	64,97,659
<i>Deduct—Refunds</i>	1,47,026
Total	63,50,633
XLIV.—Receipts in aid of Superannuation—	
Receipts of the Military Orphan Fund	1,49,896
Subscriptions under the Indian Civil Service (Non-European Members) Family Pension Rules	82,962
Contributions for pensions and gratuities	4,45,035
Deductions for Marine Pension Fund	8,700
Miscellaneous	37,617
Receipts in England	55,427
Loss or gain by exchange	—287
<i>Deduct—Refunds</i>	1,518
Total	7,77,832
XLV.—Stationery and Printing—	
Stationery receipts	18,91,722
Sale of plain paper used with stamps	15,195
Sale of gazettes and other Government publications	3,40,289
Other Press receipts	1,87,757
Receipts in England	24,468
Loss or gain by exchange	—127
<i>Deduct—Refunds</i>	66,912
Total	23,92,392

No. 4. DETAILED ACCOUNT OF REVENUE BY MINOR HEADS *contd*

Heads	Actuals for 1937-38
	Rs
J.—Miscellaneous <i>concl'd</i>	
XLVI —Miscellaneous	
Unclaimed deposits	1,69,579
Sale of land and houses, etc	1,81,252
Fees for Government audit	2,32,898
Receipts arising out of the Military Land Scheme, Bombay	9,50,033
Recoveries of overpayments	87,239
Collection of payments for services rendered	3,09,408
Net gain by exchange on Remittance transactions	7,18,092
Other receipts—	
Sale of old stores and Materials	25,331
Rent, Rates and Taxes	80,246
Naturalisation, Passport and copyright fees	1,95,024
Other fees, fines and forfeitures	62,699
Gain by exchange on local transactions	2,968
Contributions	6,536
Miscellaneous	13,04,880
Receipts in England	4,10,482
Loss or gain by exchange	—2,085
<i>Deduct—Refunds</i>	1,17,906
Total	46,16,676
K —Defence Services—	
XLVII —Defence Receipts Effective—	
A —Receipts in India—	
I —Fighting services	8,39,883
II —Administrative Services	19,65,358
III —Manufacturing Establishments (including Stores)	68,33,564
IV —Army Headquarters, Staff of Commands, etc	59,503
V —Purchase and sale of stores, equipment and animals (other than those purchased direct by Manufacturing Establishments, Military Engineer Services, Royal Air Force and Royal Indian Navy)	1,20,79,546
VI —Special Services	5,583
VII —Transportation, Conservancy, Hot Weather Establishments, etc	7,27,479
VIII —Military Engineer Services (including Stores)	34,07,547
IX —Auxiliary and Territorial Forces	15,848
X —Royal Air Force (including Stores)	2,23,032
XI —Royal Indian Navy (including Stores)	3,94,203
XII —Quetta Reconstruction (including Stores)	34,915

No 4 DETAILED ACCOUNT OF REVENUE BY MINOR HEADS *concl'd.*

Heads	Actuals for 1937-38	Rs
K —Defence Services—<i>concl'd</i>		
XLVII —Defence Receipts—Effective <i>concl'd</i>		
B —Receipts in England—		
I —Fighting Services		2,09,81,640
II —Administrative Services		69,926
III —Manufacturing Establishments (including Stores)		343
IV —Army Headquarters, Staff of Commands, etc		774
V —Purchases and sale of stores, equipment and animals (other than those purchased direct by Manufacturing Establishments, Military Engineer Services, Royal Air Force and Royal Indian Navy)		2,19,282
VII —Transportation, Conservancy, Hot Weather Establishments and Miscellaneous		4,42,791
VIII —Military Engineer Services (including Stores)	..	539
X —Royal Air Force (including Stores)	..	38,023
XI —Royal Indian Navy (including Stores)		29,804
XII —Quetta Reconstruction (including Stores)		9
Loss or gain by exchange	.	—1,12,866
Total		4,82,56,726
XLVIII —Defence Receipts—Non-effective		
A —Receipts in India—		
I —Army		8,83,739
III —Royal Indian Navy		—11,098
B —Receipts in England—		
I —Army		34,19,514
III.—Royal Indian Navy		6,983
Loss or gain by exchange		—17,753
Total		42,81,385
M.—Extraordinary items—		
LI —Extraordinary Receipts—		
Annuity receipts from Government of Burma		3,14,82,000
Other items		27,462
Receipts in England		8,509
Loss or gain by exchange	.	11
Total		3,15,17,927
LII —Transfer from Revenue Reserve Fund		
Total		78,29,314
Total		78,29,314

No 5 DETAILED ACCOUNT OF EXPENDITURE BY MINOR HEADS

Heads 1	Actuals for 1937-38.		Total. 4 Rs.
	Non-voted 2 Rs	Voted 3 Rs	
A.—Direct Demands on the Revenue			
1. Customs			
Sea Customs, Charges at the Ports	2,78,176	69,14,293	71,92,469
Land Customs, Charges	26,463	12,33,462	12,59,925
Assignments and Compensations	23,65,502	9,944	23,75,446
Charges in England	41,561	51,463	93,024
Loss or Gain by Exchange ..	—201	—292	—493
Total	27,11,501	82,08,870	1,09,20,371
2. Central Excise Duties			
Charges on collection of Excise Duty on Sugar	3,838	95,045	98,883
Charges on collection of Excise Duty on Matches	4,350	7,42,922	7,47,272
Charges in England	32	—	32
Total	8,220	8,37,967	8,46,187
3 Corporation Tax—			
Collection of Corporation Tax	2,955	8,92,905	8,95,860
Total	2,955	8,92,905	8,95,860
4. Taxes on Income other than Corporation Tax—			
Collection of Income Tax	71,253	64,27,665	64,98,918
Works		20,300	20,300
Charges in England	18,327	93,024	1,11,351
Loss or Gain by Exchange	—95	182	—577
Total	89,485	65,40,507	66,29,992
5 Salt—			
Charges of the Northern India Salt Revenue Department—			
A —Working Expenses—			
Direct on	17,623	1,09,695	1,27,318
Manufacture and Sale		15,23,129	15,23,129
Engineering Section		1,70,967	1,70,967
Medical Establishments		26,784	26,784
Contribution to the Depreciation Reserve Fund ..		2,13,747	2,13,747
Renewals and Replacements		1,42,575	1,42,575
Deduct—Amount met from the Depreciation Reserve Fund ..		1,42,575	1,42,575

No 5. DETAILED ACCOUNT OF EXPENDITURE BY MINOR HEADS *contd.*

Heads 1	Actuals for 1937-38		Total 4 Rs
	Non-voted 2 Rs	Voted 3 Rs	
A.—Direct Demands on the Revenue <i>contd</i>			
5 Salt—<i>concl'd</i>			
I —Charges of the Northern India Salt Revenue Department— <i>concl'd</i>			
Cost of Accounts and Audit	3,191	38,184	41,375
Pensionary Charges and contribution to Provident Funds	3,333	46,562	49,895
Expenditure on Retrenched Personnel		1,268	1,268
Charges in England	7,889	20,265	28,154
Loss or Gain by Exchange	11	—107	—148
B —Other Revenue Expenditure			
Preventive Establishments		3,63,546	3,63,546
Interest on Capital	4,02,340		4,02,340
Royalties and Compensations	32,71,797		32,71,797
II —Charges in Provinces—			
Direction	52,183	29,97,412	30,49,595
Preventive Establishments		55,631	55,631
Medical Establishments		13,511	13,511
Salt purchase and freight		5,88,755	5,88,755
Works		61,845	61,845
Royalties and compensations	5,83,085	20,860	6,03,945
Charges in England	2,217	24,354	26,571
Loss or Gain by Exchange	—11	—127	—138
Total	43,43,522	62,76,365	1,06,19,887
6 Opium—			
Superintendence and other Establishment in the United Provinces	24,998	1,80,110	2,05,108
Ghazipur Opium Factory		2,17,071	2,17,071
Other Opium Agencies and Establishments		5,318	5,318
Payments for special cultivation in Malwa		12,87,834	12,87,834
Payments to cultivators in the United Provinces		4,73,257	4,73,257
Compensations	1,19,271		1,19,271
Miscellaneous opium charges in Calcutta		2,146	2,146
Neemuch Opium Factory		1,02,760	1,02,760
Miscellaneous		949	949
Charges in England	20,854	14,038	34,892
Loss or Gain by Exchange	—72	—108	—180
Total	1,65,051	22,83,375	24,48,426

No 5 DETAILED ACCOUNT OF EXPENDITURE BY MINOR HEADS

contd

Heads 1	Actuals for 1937-38		Total 4 Rs
	Non-voted 2 Rs	Voted 3 Rs	
A.—Direct Demands on the Revenue <i>contd</i>			
7. Land Revenue			
Charges of Administration	1,63,013	50,175	2,13,188
Charges on account of land revenue collections .	5,060	11,519	16,579
Survey, Settlement and Record Operations .	48,824		48,824
Land Records	1,19,989	98,093	2,18,082
Assignments and Compensations	43,433	5,080	48,513
Charges in England	7,655		7,655
Loss or Gain by Exchange	10		10
Total	3,87,934	1,64,867	5,52,801
8. Provincial Excise—			
District Executive Establishment .	23,375	1,08,226	1,31,601
Distilleries	6,261		6,261
Cost of Opium supplied to Provincial Excise De- partment	9,330	33,379	42,709
Compensations	28,009	2,14,060	2,42,069
Excise Bureau	10,000		10,000
Charges in England	14,012		14,012
Loss or Gain by Exchange	—72		—72
Total	90,915	3,55,665	4,46,580
9 Stamps—			
A —Non Judicial—			
Superintendence .		1,982	1,982
Central Stamp Office at Calcutta		—3,388	—3,388
Charges for the sale of Stamps .	895	8,013	8,908
Cost of Stamps supplied from Central Stamp Stores	244	3,371	3 615
B - Judicial—			
Charges for the sale of Stamps	1,769	4,703	6,472
Cost of Stamp supplied from Central Stamp Stores	177	764	941
C General—			
Security Printing, India	1,90,400	15,08,918	16,99,318
Charges in England	10,778	17,653	28,431
Loss or Gain by Exchange	—74	—110	—184
Total	2,04,189	15,41,906	17,46,095

No 5 DETAILED ACCOUNT OF EXPENDITURE BY MINOR HEADS

contd

Heads 1	Actuals for 1937-38		Total 4 Rs
	Non-voted 2 Rs	Voted 3 Rs	
A.—Direct Demands on the Revenue—<i>concl'd</i>			
10 Forest—			
General Direction	43,832	10,000	53,832
Forest Research Institute .. .	1,18,585	5,21,889	6,40,474
Conservancy and Works	63,196	9,42,551	10,05,747
Establishment	51,308	1,87,579	2 41,887
Charges in England . . .	51,510	27,534	79,044
[Loss or Gain by Exchange .. .	—268	—143	—411
Total	3,31,163	16,89,410	20,20,573
11. Registration—			
District Charges	3,182	5,178	8,360
Total	3,182	5,178	8,360
12 Charges on account of Motor Vehicles Acts—			
Charges of collection		23,911	23,911
Compensations to local bodies, etc		1,85,009	1,85,009
Total		2,08,920	2 08,920
AA —Principal Revenue Heads—			
Capital Outlay on Salt Works within the Revenue Account—			
5A —Capital Outlay on Salt Works—			
Works		46,866	46,866
Plant and Machinery . . .		—7,487	—7,487
Deduct—Receipts and recoveries on Capital Account		—3,45,381	—3,45,381
Total		—3,06,002	—3,06,002
B —Railway Revenue Account—			
15-A —State Railways—			
Commercial Lines—			
Interest on Debt	26,74,71,902	2,61,247	26,77,33,149
Interest on Capital contributed by Companies and Indian States	1,16,33,859		1,16,33,859
Total	27,91,05,761	2,61,247	27,93,67,008

No 5 DETAILED ACCOUNT OF EXPENDITURE BY MINOR HEADS

contd

Heads 1	Actuals for 1937-38		Total 4 Rs
	Non-voted 2 Rs	Voted 3 Rs	
B —Railway Revenue Account—concl'd			
15-B —State Railways—			
Strategic Lines—			
Interest on Debt	1,32,61,282		1,32,61,282
Total	1,32,61,282		1,32,61,282
15-C.—Subsidised Companies—			
Land		60,655	60,655
Subsidy		5,11,932	5,11,932
Total		5,72,587	5,72,587
15-D.—Miscellaneous Railway Expenditure			
Commercial Lines—			
Railway Board	5,07,188	8,59,049	13,66,237
Inspection	1,63,560	45,043	2,08,603
Audit	2,89,583	13,54,439	16,44,022
Controller of Railway Accounts	75,602	1,98,147	2,73,749
Railway Rates Advisory Committee	487	74,187	74,674
Chief Mining Engineer	1,40,529	—1,81,907	11,378
Chief Controller of Standardization	1,45,061	2,96,775	4,41,836
Miscellaneous Establishments and charges	1,24,038	1,70,045	2,94,083
Pensionary Charges	7,89,484	4,34,473	12,23,957
Surveys	24,927	3,85,056	4,09,983
Suspense		2,327	2,327
Total	22,60,459	36,37,634	58,98,093
15-E —Miscellaneous Railway Expenditure			
Strategic Lines—			
Inspection	6,505	2,053	8,558
Audit	4,060	20 619	24,679
Surveys		—1,39,204	—1,39,204
Total	10,565	—1,16,532	—1,05,967
C —Revenue Account of Irrigation, Navigation, Embankment and Drainage Works—			
17.—Interest on Works for which Capital Accounts are kept—			
Irrigation Works	7,64,123		7,64,123
Total	7,64,123		7,64,123

No 5 DETAILED ACCOUNT OF EXPENDITURE BY MINOR HEADS — contd

Heads 1	Actuals for 1937-38		Total 4 Rs
	Non-voted 2	Voted 3	
	Rs	Rs	

C —Revenue Account of Irrigation, etc —concl'd

18 Other Revenue Expenditure financed from Ordinary Revenues

A —Irrigation Works—

(1) Works for which no Capital Accounts are kept—

Works	2,255		2,255
Maintenance and Repairs	14 770		14,770
Establishment	19,435		19,435
Tools and Plant	170		170
Grants-in-aid	600		600
Suspense	42		42

(2) Miscellaneous Expenditure—

Works		3,604	3,604
Establishment	30,826	21,323	52,149
Other charges		13,384	43,384
Grants-in-Aid	1,100	11,361	12,461
Suspense		93	93
Charges in England	.. ..	3,432	3,432
Loss or Gain by Exchange	.. ..	—17	—17

B —Navigation, Embankment and Drainage Works—

(1) Works for which no Capital Accounts are kept—

Works	33,588	4,525	38,113
Maintenance and Repairs	4,705	2,863	7,568
Establishment	44,960	1,108	46,068
Tools and Plant	409	111	520
Charges in England	2 133		2,133
Loss or Gain by Exchange	—11		—11

(2) Miscellaneous Expenditure

Establishment		97	97
Tools and Plant		10	10
Other charges		653	653

Total	1,58,397	89,132	2,47,529
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No 5 DETAILED ACCOUNT OF EXPENDITURE BY MINOR HEADS

contd

Heads 1	Actuals for 1937-38		Total 4 Rs
	Non-voted 2 Rs	Voted 3 Rs	
CC.—Capital Account of Irrigation, Navigation, Embankment and Drainage Works within the Revenue Account—			
19 Construction of Irrigation, Navigation, Embankment and Drainage Works—			
B —Financed from Ordinary Revenues—			
Irrigation Works	6,928	34,936	41,864
Total	6,928	34,936	41,864
D.—Posts and Telegraphs Revenue Account—			
20 —Posts and Telegraphs—			
Interest on Debt—			
Interest on Capital Outlay .. .	71,75,892		71,75,892
Interest surcharge or rebate on accumulated net profit or loss	5,956		5,956
Total	71,81,848		71,81,848
DD —Posts and Telegraphs Capital Account within the Revenue Account—			
21. Capital Outlay on Posts and Telegraphs—			
Amount transferred from “69—Capital Outlay on Posts and Telegraphs—A —Capital Outlay on New Assets”	6,932	3,66,191	3,73,123
Total	6,932	3,66,191	3,73,123
E —Debt Services—			
22 —Interest on Debt and Other Obligations—			
A.—Interest on Ordinary Debt—			
(i) RUPEE DEBT—			
1 Interest on Permanent Loans	17,71,49,765		17,71,49,765
2 Discount on Loans	70,08,000		70,08,000
3 Floating Loans—			
Discount on Treasury Bills	33,31,653		33,31,653
Interest on other Floating Loans	1,62,192		1,62,192
4 Other Items—			
Interest on Expired Loans	791		791
Management of Debt		8,39,538	8,39,538
Miscellaneous—Advertisement charges, etc		45,067	45,067
(ii) STERLING DEBT—			
Interest on Loans contracted in England under various Acts	13,10,29,551		13,10,29,551
Interest portion of Annuities created in purchase of Railways .	1,90,41,192	..	1,90,41,192

No 5 DETAILED ACCOUNT OF EXPENDITURE BY MINOR HEADS

contd

Heads 1	Actuals for 1937-38		Total 4
	Non-voted 2	Voted 3	
	Rs	Rs	Rs.
E.—Debt Services—<i>contd</i>			
22.—Interest on Debt and Other Obligations—<i>contd</i>			
A.—Interest on Ordinary Debt—<i>contd</i>			
Interest on outstanding liabilities of Railway Companies taken over on purchase or termination of contract	1,13,42,765		1,13,42,765
Discount on Loans	39,66,503		39,66,503
Management of Debt		9,28,382	9,28,382
Other Items—			
Difference between par value and cost of India Bonds purchased for cancellation	4,39,451		4,39,451
Stamp duty on transfers and powers of Attorney, etc		1,39,576	1,39,576
Payments to the Reserve Bank of India of interest on Sterling Securities purchased for cancellation	52,303	..	52,303
Loss or Gain by Exchange	—8,59,168	—6,888	—8,66,056
B.—Interest on Unfunded Debt—			
1 Special Loans—			
Interest on Loans from the late King of Oudh	7,21,352	.	7,21,352
Interest on other Special Loans	35,160		35,160
2 Treasury Notes of Service and other Funds	2,864		2,864
3 Deposits of Service Funds bearing interest—			
Interest on Bengal Uncovenanted Service Family Pension Fund	3,63,869		3,63,869
Interest on Bombay Family Pension Fund of Government Servants	1,54,079		1,54,079
Interest on Bengal and Madras Service Family Pension Fund	80,199		80,199
Interest on Madras Military Assistant Surgeons' Fund	20,585		20,585
4 Savings Bank Deposits—			
Interest on Post Office Savings Bank Deposits	1,46,23,897		1,46,23,897
Interest on Post Office Cash Certificates	4,30,99,000		4,30,99,000
Payments to Post Office for Savings Bank and Cash Certificate work		74,13,263	74,13,263
5 State Provident Funds—			
Interest on General Provident Fund	29,19,952		29,19,952
Interest on Indian Civil Service Provident Fund	44,690		44,690
Interest on Indian Civil Service (Non-European Members) Provident Fund	1,296		1,296

No. 5 DETAILED ACCOUNT OF EXPENDITURE BY MINOR HEADS

contd

Heads 1	Actuals for 1937-38		Total 4
	Non-voted 2	Voted 3	
	Rs	Rs	Rs
E—Debt Services—contd			
22.—Interest on Debt, etc—contd			
B—Interest on Unfunded Debt—contd			
Interest on Defence Services Officers' Provident Fund	66,113		66,113
Interest on Contributory Provident Fund	1,59,124		1,59,124
Interest on Deposits in State Railway Provident Institutions	1,36,33,656		1,36,33,656
Interest on Companies' Railways Provident Funds	89,99,152		89,99,152
Interest on other Miscellaneous Provident Funds	3,25,028		3,25,028
6 Special Deposit Accounts—			
Interest on General Family Pension Fund	315		315
Interest on Hindu Family Annuity Fund	1,670		1,670
Interest on Bengal Christian Family Pension Fund	215		215
Interest on Bombay Family Pension Fund of Government Servants, Life Assurance Branch	781		781
Interest on Postal Insurance and Life Annuity Fund	26,58,096		26,58,096
Interest on Cemetery Endowment Fund	33,087		33,087
Interest on Railway Staff Benefit Fund	22,911		22,911
Payments in England—			
Interest on balances of the Indian Civil Service Family Pension Fund	21,99,951		21,99,951
Interest on balances of the Indian Military Service Family Pension Fund	33,24,038		33,24,038
Interest on balances of the Superior Services (India) Family Pension Fund	3,16,193		3,16,193
Interest on balances of the Indian Military Widow's and Orphans' Fund	3,99,015		3,99,015
Loss or Gain by Exchange	—32,326		—32,326
C.—Interest on other obligations—			
Interest on Depreciation Reserve and other Reserve Funds—			
Interest on Railway Reserve Fund	37		37
Interest on Depreciation Reserve Fund—Railways	80,51,671		80,51,671
Interest on Renewals Reserve Fund—Northern India Salt Revenue Department	1,31,354		1,31,354
Interest on Renewals Reserve Fund—Posts and Telegraphs Department	13,66,630		13,66,630
Interest on General Reserve Fund—Lighthouses and Lightships	1,01,784		1,01,784
Interest on Depreciation Reserve Fund—Lighthouses and Lightships	45,816		45,816
Interest on Additions and Replacement Reserve Fund—Lighthouses and Lightships	28,824		28,824

No 5 DETAILED ACCOUNT OF EXPENDITURE BY MINOR HEADS— contd

Heads 1	Actuals for 1937-38		Total. 4 Rs.
	Non-voted 2 Rs	Voted 3 Rs	
E —Debt Services—concl'd			
22 —Interest on Debt, etc.—concl'd			
Other Items—			
Miscellaneous	11,578		11,578
Payments in England—			
Interest on Bengal and North Western Railway 5 per cent Debenture Stock Discount Sink- ing Fund	17,275		17,275
Loss or Gain by Exchange	—90		—90
D —Transfers—			
Deduct—			
Interest transferred to Commercial Depart- ments	—18,22,48,937		—18,22,48,937
Interest paid by Provincial Governments	1,93,22,483		1,93,22,483
Interest portion of equated payments on ac- count of commuted value of pensions	—24,20,092		—24,20,092
England—			
Interest transferred to Commercial Depart- ments	—10,77,24,911		—10,77,24,911
Loss or Gain by Exchange	5,58,160		5,58,160
Total	11,54,35,576	93,58,938	12,17,94,514
23 —Appropriation for Reduction or Avoidance of Debt—			
Sinking Funds	1,36,71,000		1,36,71,000
Other Appropriations	1,15,29,000		1,15,29,000
Total	2,52,00,000		2,52,00,000
F.—Civil Administration—			
25.—General Administration—			
A —Heads of Provinces (including Governor General, Executive Council and Ministers)—			
Salary of the Governor General	2,50,800		2,50,800
Secretariat Staff of Governor General	3,58,974		3,58,974
Staff and Household of Governor General	3,11,359		3,11,359
Sumptuary Allowance of Governor General	45,000		45,000
State conveyances and motors of the Governor General	51,933		51,933
Expenditure from contract Allowance	1,60,469		1,60,469
Tour Expenses	5,13,964		5,13,964
Chief Commissioners	2,03,187	80,834	2,84,021
Executive Council	4,71,221	1,19,053	5,90,274

FINANCE ACCOUNTS. CENTRAL GOVERNMENT

No 5 DETAILED ACCOUNT OF EXPENDITURE BY MINOR HEADS—
contd

Heads 1	Actuals for 1937-38		Total 4 Rs
	Non-voted 2 Rs	Voted 3 Rs	
F—Civil Administration—contd			
25—General Administration—concl'd			
B—Legislative Bodies—			
Council of State ..	1,335	1,60,517	1,61,852
Indian Legislative Assembly	56,093	3,99,199	4,55,292
Legislative Assembly Department ..		3,96,082	3,96,082
C—Secretariat and Headquarters Establishments—			
Civil Secretariats	33,03,126	34,52,041	67,55,167
Public Service Commission	4,57,010	.	4,57,010
E—District Administration—			
General Establishments	5,69,878	4,32,096	10,01,974
Sub-Divisional Establishments	2,53,709	10,806	2,64,515
Other Establishments	1,00,029		1,00,029
G—Miscellaneous—			
Payments to Provincial Governments for Administration of Agency Subjects		1,30,075	1,30,075
Payment to the Crown Department on account of work done or services rendered to the Central Government		3,700	3,700
Miscellaneous	1,67,088	3,810	1,70,898
Deduct—Contributions recovered from other Governments, Departments, etc	—3,50,000		—3,50,000
H—Charges in England—			
A—Secretary of State for India—			
Payments to His Majesty's Exchequer towards expenses of the departments of the Secretary of State for India	13,60,000		13,60,000
Other items	73,224	5,070	78,394
Loss or Gain by Exchange	—7,426	—26	—7,452
B—High Commissioner for India—			
Salaries and Expenses of the High Commissioner's Department	9,54,531	15,75,888	25,30,419
Other Items	5,71,423	78,469	6,49,892
Loss or Gain by Exchange	—7,906	—8,572	—16,478
Total	98,69,121	68,39,042	1,67,08,163
26.—Audit—			
Auditor General	64,678	3,46,366	4,11,044
Officers of the Indian Audit Department	10,00,640	15,05,725	25,06,365
Account and Audit Offices	33,860	1,19,89,360	1,20,23,220
Works		24,266	24,266
Deduct—Establishment charges recovered from other Governments, Departments, etc	—3,84,164	48,91,131	52,75,295
Charges in England	2,22,334	19,797	2,42,131
Loss or Gain by Exchange	—1,152	—103	—1,255
Total	9,36,196	89,94,280	99,30,476

No. 5.- DETAILED ACCOUNT OF EXPENDITURE BY MINOR HEADS - contd

Heads 1	Actuals for 1937-38		Total 4 Rs
	Non-voted 2 Rs	Voted 3 Rs	
F —Civil Administration—contd			
27 —Administration of Justice			
Federal Court	1,19,502		1,19,502
High Courts and Chief Courts		79,600	79,600
Law Officers	34,397	59,129	93,526
Judicial Commissioner	31,623	4,642	36,265
Civil and Sessions Courts	65,369	2,02,921	2,68,290
Courts of Small Causes		47,859	47,859
Criminal Courts	40,562	59,362	99,924
Charges in England	30,725	1,226	31,951
Loss or Gain by Exchange	—160	—6	—166
Total	3,22,018	4,51,733	7,76,751
28 —Jails and Convict Settlements—			
Jails	1,67,515	1,42,217	3,09,732
Jail Manufactures	14,108	9,163	23,271
Convict charges at Port Blair and Nicobars	1,20,409	18,98,577	20 18,986
Works		23,360	23 360
Charges in England	22,482	4,394	26,876
Loss or Gain by Exchange	—117	—23	—140
Total	3,24,397	20,77,688	24,02,085
29 —Police—			
Presidency Police		1,39,099	1,39,099
District Executive Force	12,70 477	15,39,205	28,09,682
Police Training Schools	2,800	3,750	6,550
Railway Police		31,794	31,794
Charges in connection with His Majesty's Coronation		10,607	10,607
Transfers to the General Police Fund	10,369	7,453	17,822
Deduct—Amount met from the General Police Fund.	—9,494	—6,254	—15,748
Miscellaneous	1,951		1,951
Charges in England	54,566	43,120	97,686
Loss or gain by Exchange	—296	—210	—506
Total	13,30,373	17,68,564	30,98,937

No. 5. DETAILED ACCOUNT OF EXPENDITURE BY MINOR HEADS

contd

Heads 1	Actuals for 1937-38		Total. 4
	Non-voted 2	Voted 3	
	Rs	Rs	Rs
F.—Civil Administration—contd.			
30.—Ports and Pilotage—			
A —Major Ports			
(1) BENGAL PILOT SERVICE—			
Revenue Account—			
Pay and Allowances of officers and men afloat	40,140	1,37,222	1,77,362
Victualling allowances of officers and men afloat	1,200	23,284	24,484
Purchase of stores		89,933	89,933
Repairs and maintenance		64,124	64,124
Pilotage and Pilot Establishment	3,92,259	2,39,773	6,32,032
Charges in England	1,68,100	60,769	2,28,869
Loss or Gain by Exchange	—877	—317	—1,194
(2) OTHER CHARGES—			
Direction (Headquarters Establishment)	42,550	14,036	56,586
Principal Officers and their establishments	1,55,593	3,33,303	4,88,896
Shipping offices		1,64,586	1,64,586
Ship Survey Department	1,81,107	58,117	2,39,254
Training Ships	15,039	2,42,172	2,57,211
Grants-in aid to the Vizagapatam Port		2,00,000	2,00,000
Miscellaneous		1,108	1,108
Deduct—Establishment charges recovered from other Governments, Departments, etc	—86,212	—8,399	—94,611
Charges in England	57,269	42,871	1,00,140
Loss or Gain by Exchange	—297	—222	—519
Total	9,65,871	16,62,390	26,28,261
31.—Lighthouses and Lightships—			
Revenue Account—			
Direction		93,187	93,187
Lighthouses—Working Expenses	7,676	2,39,784	2,47,460
Lightships—Working Expenses	2,400	1,83,308	1,85,708
Contributions		3,562	3,562
Contribution to Depreciation Reserve Fund		1,21,757	1,21,757
Contribution to the Additions and Replacements Reserve Fund		1,02,158	1,02,158
Contribution to the General Reserve Fund		1,14,277	1,14,277
Cost of Accounts and Audit		13,500	13,500
Pensionary and Provident Fund Charges		14,157	14,157
		18,300	18,300
		7,803	7,803
		—28	—28
Total	10,076	9,11,765	9,21,841

No. 5 - DETAILED ACCOUNT OF EXPENDITURE BY MINOR HEADS

contd

Heads 1	Actuals for 1937-38		Total 4 Rs
	Non-voted 2 Rs	Voted 3 Rs	
F.—Civil Administration—contd			
32.—Ecclesiastical—			
Ecclesiastical Establishments	18,61,685		18,61,685
Cemetery Establishment	1,18,975		1,18,975
Works	61,997		61,997
Miscellaneous Ecclesiastical Charges	300		300
Charges in England	6,92,714		6,92,714
Loss or Gain by Exchange	—3,620		—3,620
Total	27,35,051		27,35,051
33.—Payments to Crown Representative—			
Political Department Secretariat	7,90,653		7,90,653
Education expenditure other than in areas	33,386		33,386
Civil Works	4,44,188		4,44,188
Political Pensions	22,14,569		22,14,569
Superannuation Allowances and Pensions	61,812		61,812
Rajputana	7,93,323		7,93,323
Central India	7,06,282		7,06,282
Hyderabad	1,15,909		1,15,909
Western India States Agency	12,72,596		12,72,596
Bangalore	4,51,033		4,51,033
Political Agencies	27,91,556		27,91,556
Charges in England	8,39,174		8,39,174
Loss or Gain by Exchange	—4,354		—4,354
Total	1,05,19,127		1,05,19,427
34.—Tribal Areas			
A —Frontier Watch and Ward—			
Frontier Constabulary and Militia	1,29,29,962		1,29,29,962
Buildings and Communications	39,16,970		39,16,970
Miscellaneous	2,69,548		2,69,548
B —Other Charges—			
Political and Administrative charges	15,17,527		15,17,527
Works	1,13,364		1,13,364
Allowances to Frontier Tribes	8,85,035		8,85,035
Entertainment Charges	3,41,912		3,41,912
Economic development of Tribal Areas	43,815		43,815
Transfer to Fund for Special Frontier Expenditure including development	5,00,000		5,00,000

No 5 DETAILED ACCOUNT OF EXPENDITURE BY MINOR HEADS

contd

Heads 1	Actuals for 1937-38		Total. 4
	Non-voted 2	Voted 3	
	Rs	Rs	Rs.
F.—Civil Administration—contd			
34.—Tribal Areas—concd			
B—Other Charges—			
Payment to the Baluchistan Administration for Administration of Tribal Areas]	1,50,000	.	1,50,000
Miscellaneous expenditure	6,72,597	.	6,72,597
Deduct—Charges recovered from other Governments, Departments, Indian States, Local Funds, etc.	—79,500	..	—79,500
C—Charges in England .	1,63,039		1,63,039
Loss or Gain by Exchange	—3,718		—3,718
Total	2,14,50,551		2,14,50,551
35.—External Affairs			
External Affairs Department Secretariat	6,15,112		6,15,112
Charges on account of Diplomatic and Consular Services in Iran	8,08,570		8,08,570
Other Diplomatic and Administrative charges	17,07,345		17,07,345
Subsidies	2,13,880		2,13,880
Entertainment charges	52,216		52,216
Special Diplomatic Expenditure	10,00,000		10,00,000
Works	20,333		20,333
Refugees and State Prisoners	2,93,672		2,93,672
Miscellaneous	6,53,944		6,53,944
Charges in England	3,23,529		3,23,529
Loss or Gain by Exchange	—1,783		—1,783
Total	56,86,818		56,86,818
36.—Scientific Departments—			
Survey of India	5,30,021	17,12,055	22,42,076
Botanical Survey	18,847	47,726	66,573
Zoological Survey	47,944	1,04,620	1,52,564
Geological Survey	1,81,662	2,01,556	3,83,218
Exploration of Coal, Petroleum and Minerals	3,817		3,817
Mines Department	99,706	1,30,855	2,30,561
Archæological Department	75,365	10,05,181	10,80,546
Grants in-aid and Donations to Scientific Societies and Institutes .	.	2,59,000	2,59,000
Meteorological Department	77,617	17,47,418	18,25,035
Museums		25,458	25,458
Works		23,189	23,189
Charges in England	2,98,525	2,15,933	5,14,458
Loss or Gain by Exchange .	—1,546	—1,124	—2,670
Total .	13,31,958	54,71,867	68,03,825

No 5 DETAILED ACCOUNT OF EXPENDITURE BY MINOR HEADS

contd

Heads 1	Actuals for 1937-38		Total 4 Rs
	Non-voted 2	Voted 3	
	Rs	Rs	
F.—Civil Administration—contd			
37 —Education—			
A —University—			
Grants to Universities ..		7,63,000	7,63,000
Government Arts Colleges		89,035	89,035
Grants to non Government Arts Colleges		98,493	98,493
Government Professional Colleges	1,900	1,830	3,730
B —Secondary—			
Government Secondary Schools	1,03,558	2,26,104	3,29,662
Direct grants to non Government Secondary Schools	10,931	3,37,085	3,48,016
Grants to local bodies for secondary education		79,952	79,952
C —Primary—			
Government Primary Schools	1,12,210	74,380	1,86,590
Direct grants to non Government Primary Schools		5,950	5,950
Grants to local bodies for primary education		2,23,146	2,23,146
D —Special—			
Government Special Schools	23	59,340	59,363
Direct grants to non Government Special Schools	9,751	8,000	17,751
E —General—			
Direction		10,100	10,100
Inspection	24,676	70,803	95,479
Scholarships	34,404	15,038	49,442
Miscellaneous	2,615	21,016	23,691
F —Charges in England—			
High Commissioner	9,104	12,186	21,290
Loss or gain by Exchange	47	—63	—110
Total	3,09,155	20,95,425	24,04,580
38 —Medical—			
Medical Establishment	3,27,233	2,41,945	5,69,178
Hospital and Dispensaries	2,21,870	4,51,662	6,76,532
Grants for medical purposes		8,61,744	8,61,744
Medical Colleges and Schools	250	16,540	16,790
Mental Hospitals	13,533	2,370	15,903
Charges in England	2,05,989	8,016	2,14,005
Loss or Gain by Exchange	—1,066	42	—1,108
Total	7,67,809	15,85,235	23,53,044

No 5 DETAILED ACCOUNT OF EXPENDITURE BY MINOR HEADS

contd.

Heads 1	Actuals for 1937-38		Total 4
	Non-voted 2	Voted 3	
	Rs	Rs	Rs
F Civil Administration—contd			
39 —Public Health—			
Public Health Establishment	1,24,850	3,06,941	4,31,791
Grants for Public Health purposes	2,000	2,73,305	2,75,305
Expenses in connection with epidemic diseases	51,055	2,43,162	2,94,217
Bacteriological Laboratories	84,532	1,39,196	2,23,728
Pasteur Institutes	..	1,607	1,607
Works .. ..	..	7,60,789	7,60,789
Charges in England	58,766	22,953	81,719
Loss or Gain by Exchange	—305	—113	418
Total	3,20,898	17,47,840	20,68,738
40 —Agriculture—			
Agricultural Department	63,340	6,52,699	7,16,039
Experimental Farms	17,282	67,213	84,495
Agricultural Experiments	23,204		23,204
Experimental Factories ..		2,26,464	2,26,464
Agricultural education and research ..	1,990	2,67,380	2,69,370
Public Exhibitions and Fairs	2,900	27,283	30,183
Botanical and other public gardens ..		46,133	46,133
Imperial Council of Agricultural Research Department	1,33,376	9,85,694	11,19,070
Scheme for the improvement of Agricultural Marketing in India		4,61,572	4,61,572
Payments from Sugar Excise Duty to Sugar Manufacturing Provinces		10,00,000	10,00,000
Grants in aid, Contribution, etc		5,00,000	5,00,000
Other charges		1,91,950	1,91,950
Works . . . .	..	15,479	15,479
Charges in England .	33,491	26,409	59,900
Loss or Gain by Exchange	—173	—137	—310
Total	2,75,410	44,68,139	47,43,549
41 —Veterinary—			
Superintendence	7,800		7,800
Subordinate Establishment . .	37,504	17,948	55,452
Hospitals and Dispensaries	17,935		17,935
Works		80,922	80,922
Other Charges	39,893	6,79,823	7,19,716
Charges in England	19,534	18,825	38,359
Loss or Gain by Exchange	—103	—220	—323
Total	1,22,563	7,97,298	9,19,861

No 5 DETAILED ACCOUNT OF EXPENDITURE BY MINOR HEADS

contd

Heads. 1	Actuals for 1937-38		Total 4 Rs			
	Non-voted 2	Voted 3				
	Rs	Rs				
F.—Civil Administration—contd						
42. Co-operation—						
Superintendence	39,229	39,229	
Grants-in-aid	13,490	13,490	
Other charges	120	120	
		Total	..	120	52,719	52,839
43 —Industries						
Industries	34,355	34,355	
Indian School of Mines	378	1,79,323	1,79,701
Grants-in-aid	5,96,983	5,96,983	
Charges in England	25,259	25,259	
Loss or Gain by Exchange		..		—134	—134	
		Total		378	8,35,786	8,36,164
44 —Aviation						
Direction, Operation and Inspection				11,506	12,76,459	12,87,965
Grants for Aviation purposes					4,49,065	4,49,065
Works					3,22,439	3,22,439
Charges in England				4,000	81,823	85,823
Loss or Gain by Exchange				—21	123	114
		Total		15,485	21,29,363	21,44,848
45 —Broadcasting—						
Headquarters Establishments					1,21,904	1,21,904
Broadcasting Stations					10,36,612	10,36,612
Other charges					1,97,951	1,97,951
Charges in England					36,580	36,580
Loss or Gain by Exchange					—189	—189
		Total			13,92,858	13,92,858
46 —Indian Stores Department—						
Headquarters Establishment				76,596	6,24,235	7,00,831
Purchase Circles					1,98,884	1,98,884
Inspection Circles				15,004	7,40,594	7,55,598
Government Test House					2,47,945	2,47,945
Metallurgical Inspectorate					1,85,027	1,85,027

No. 5 DETAILED ACCOUNT OF EXPENDITURE BY MINOR HEADS

contd

Heads 1	Actuals for 1937-38		Total 4
	Non-voted 2	Voted 3	
	Rs	Rs	Rs
F Civil Administration—concl'd			
46.—Indian Stores Department—concl'd			
Industrial Research Bureau		1,62,099	1,62,099
Works		7,732	7,732
Charges in England	28,588	24,768	53,356
Loss or Gain by Exchange	—148	—128	—276
Total	1,20,040	21,91,156	23,11,196
47 —Miscellaneous Departments—			
Labour and Emigration—			
Emigration	72,095	1,98,773	2,70,868
Inspector of Factories		62	62
Inspection and Test—			
Explosives		1,20,388	1,20,388
Inspector of Steam Boilers	5,964	21,363	27,327
Statistics—			
Bureau of Commercial Intelligence including Statistics	71,109	5,89,599	6,60,708
Census	867	7,667	8,534
Provincial Statistics		600	600
Miscellaneous—			
Registration of Accountants	1,984	25,533	27,517
Examinations	2,740	1,371	4,111
Imperial Library		42,269	42,269
Controller of Patents and Designs	17,230	79,004	96,234
Actuary to the Government of India		11,352	11,352
Indian War Memorial		2,821	2,821
Registrar of Joint Stock Companies	4,146	1,31,554	1,35,700
Administration of Indian Partnership Act, 1932	100	1,768	1,868
Charges in England	4,707	63,898	68,605
Loss or Gain by Exchange	—24	—346	—370
Total	1,80,918	12,97,676	14,78,564

No. 5 DETAILED ACCOUNT OF EXPENDITURE BY MINOR HEADS

contd

Heads 1	Actuals for 1937-38		Total 4
	Non-voted 2	Voted 3	
	Rs	Rs	Rs
FF —Civil Administration—Capital Account within the Revenue Account—			
44 A —Capital Outlay on Civil Aviation—			
A —Civil Aviation—			
Works		16,80,104	16,80,104
Equipment		1,35,009	1,35,009
Establishment	18,839	17,268	36,107
B —Meteorological—			
Works		46,891	46,891
Equipment		10,230	10,230
Deduct—Receipts and Recoveries on Capital Account		—26,711	—26,711
Deduct—Amount transferred from the Fund for the Development of Civil Aviation	—18,839	—18,62,791	—18,81,630
Total			
45-A —Capital Outlay on Broadcasting—			
Works		1,97,930	1,97,930
Equipment		7,91,661	7,91,661
Installation Department		42,786	42,786
Deduct—Amount met from the Fund for Development of Broadcasting		—10,32,377	—10,32,377
Total			
G.—Currency and Mint—			
48 —Currency—			
Controller and Deputy Controllers of the Currency	27,698	45,100	72,798
Currency Note Printing Press	1,36,539	12,92,814	14,29,353
Miscellaneous		135	135
Charges in England	17,874		17,874
Loss or Gain by Exchange	—93		—93
Total	1,82,018	13,38,049	15,20,067
49 —Mint—			
Mint Master's Establishment and Contingencies	93,221	14,84,171	15,77,392
Loss on Coinage		24,719	24,719
Purchase of local stores		4,41,280	4,41,280
Works		33,106	33,106
Charges in England	27,717	1,06,559	1,34,276
Loss or Gain by Exchange	—143	—553	696
Total	1,20,795	20,89,282	22,10,077

No 5 DETAILED ACCOUNT OF EXPENDITURE BY MINOR HEADS

contd

Heads 1	Actuals for 1937-38		Total 4 Rs
	Non-voted 2	Voted 3	
	Rs	Rs	
J.—Miscellaneous—			
54 —Famine			
A —Famine Relief—			
Salaries and Establishment		14,877	14,877
Total		14,877	14,877
55 —Superannuation Allowances and Pensions—			
Superannuation and Retired Allowances	77,27,264	55,78,376	1,33,05,640
Equated payments of commuted value of pensions transferred from Capital (outside the Revenue Account)	17,50,582	24,12,727	41,63,309
Compassionate Allowances	66,940	1,68,085	2,35,025
Gratuities	58,840	2,45,930	3,04,770
Pensions for distinguished and meritorious services or for political considerations	3,08,747	3,531	3,12,278
Charitable Allowances	2,315	7	2,322
Pensions, etc , under the War Risks Compensation Scheme		29,300	29,300
Special pensions connected with War, 1914		14,826	14,826
Pensions to the dependents of deceased lascars (<i>ex-German Ships</i>) interned during the War in Germany		680	680
Donations to Service Funds		600	600
Donations to Provident Funds	20,080	1,56,223	1,76,303
Pensions of the Military Fund	4,856		4,856
Pensions of the Military Orphan Fund	16,145		16,145
Pensions of the Medical Retiring Fund	1,587		1,587
Pensions under the Indian Civil Service (Non-European Members) Family Pension Rules	41,293		41,293
Concession grants in respect of past contributions to Annuities	1,592		1,592
Covenanted Civil Service Pensions	1,14,656		1,14,656
Pensions of the Bengal Civil Fund	6,101		6,101
Pensions of the Madras Civil Fund	18,568		18,568
Pensions of the Bombay Civil Fund	3,555		3,555
Charges in England	1,50,16,676	18,40,938	1,68,57,614
Loss or Gain by Exchange	—77,803	—9,600	—87,403
Deduct —Actual Amount of pensions recovered from other Governments	—71,21,530	—2,892	—71,24,422
Deduct —Pensionary charges transferred to Commercial Departments	—11,760	—94,500	—1,06,260
Total	1,79,48,704	1,03,44,231	2,82,92,935

N~~o~~ 5 DETAILED ACCOUNT OF EXPENDITURE BY MINOR HEADS *contd*

Heads 1	Actuals for 1937-38		Total 4 Rs
	Non-voted 2 Rs	Voted 3 Rs.	
J.—Miscellaneous—concl'd			
57 —Miscellaneous—concl'd			
Indian Soldiers' War Board	2,400	13,824	16,224
Charges in connection with the celebration of His Majesty's Coronation	3,385	1,40,669	1,44,054
Charges in England	2,04,201	13,17,158	15,21,359
Loss or Gain by Exchange	—1,058	—6,824	—7,882
Total	33,49,725	24,45,865	57,95,590
JJ —Miscellaneous—Capital Account within the Revenue Account—			
55-A Commutation of Pensions financed from Ordinary Revenues			
Amount transferred from " 83—Payments of Commutated value of Pensions "	—83,575	7,99,015	7,15,440
Total	—83,575	7,99,015	7,15,440
K —Defence Services—			
58 —Defence Services—Effective—			
A —Defence Secretariat—			
I —Charges in India—			
1 Defence Department	5,20,850		5,20,850
2 Military Finance Branch	6,78,546		6,78,546
II —Charges in England—			
1 Defence Department	78,289		78,289
2 Military Finance Branch	22,906		22,906
Loss or gain by Exchange	—524		—524
B —Defence Services Proper—			
I —Charges in India—			
1 Fighting Services	13,76,15,380		13,76,15,380
2 Administrative Services	6,41,03,882		6,41,03,882
3 Manufacturing Establishments (including Stores)	3,31,82,229		3,31,82,229
4 Army Headquarters, Staff of Commands, etc	1,95,25,860		1,95,25,860
5 Purchase and Sale of Stores, Equipment and Animals (other than those purchased direct by Manufacturing Establishments, Military Engineer Services, Royal Air Force and Royal Indian Navy)	4,14,51,635		4,14,51,635

No 5 DETAILED ACCOUNT OF EXPENDITURE BY MINOR HEADS

contd

Heads, 1	Actuals for 1937-38		Total 4
	Non-voted 2	Voted 3	
	Rs	Rs	Rs
I—Defence Services—concl'd			
58 —Defence Services—concl'd			
6 Special Services	68,25,578		68,25,578
7 Transportation, Conservancy, Hot Weather Establishments and Miscellaneous	1,99,02,931		1,99,02,931
8 Military Engineer Services (including stores)	3,35,73,948		3,35,73,948
9 Auxiliary and Territorial Forces	58,20,746		58,20,746
10 Royal Air Force (including stores)	1,24,71,894		1,24,71,894
11 Royal Indian Navy (including stores)	42,84,613		42,84,613
12 Quetta Reconstruction	98,70,583		98,70,583
II—Charges in England—			
1 Fighting Services	2,76,41,768		2,76,41,768
2 Administrative Services	42,24,708		42,24,708
3 Manufacturing Establishments (including stores)	39,80,921		39,80,921
4 Army Headquarters, Staff of Commands, etc	10,13,220		10,13,220
5 Purchase and sale of Stores, Equipment and Animals (other than those purchased direct by Manufacturing Establishments, Military Engineer Services, Royal Air Force and Royal Indian Navy)	1,00,71,224		1,00,71,224
6 Special Services	2,46,969		2,46,969
7 Transportation, Conservancy, Hot Weather Establishments and Miscellaneous	93,59,219		93,59,219
8 Military Engineer Services (including stores)	7,31,060		7,31,060
10 Royal Air Force (including stores)	76,15,356		76,15,356
11. Royal Indian Navy (including stores)	24,75,898		24,75,898
12 Quetta Reconstruction	59,445		59,445
Loss or gain by Exchange	—3,49,327		—3,49,327
Total	45,69,99,807		45,69,99,807
59 —Defence Services—Non-Effective—			
I—Charges in India—			
1 Army	3,73,07,489		3,73,07,489
2 Royal Air Force	21,199		21,199
3 Royal Indian Navy	1,57,675		1,57,675
II—Charges in England—			
1 Army	4,59,39,498		4,59,39,498
2 Royal Air Force	5,09,770		5,09,770
3 Royal Indian Navy	8,05,835		8,05,835
Loss or Gain by Exchange	—2,44,846		—2,44,846
Total	8,44,96,620		8,44,96,620
60.—Transfers to or from Defence Reserve Fund	—1,54,76,249		—1,54,76,249

No 5 DETAILED ACCOUNT OF EXPENDITURE BY MINOR HEADS — *contd*

Heads 1	Actuals for 1937-38		Total 4
	Non-voted 2	Voted 3	
	Rs	Rs	Rs
L. Contributions and Miscellaneous Adjustments between Central and Provincial Governments—			
61 —Grants-in-aid to Provincial Governments—			
Grants in-aid to the Government of United Provinces	25,00,000		25,00,000
Grants-in-aid to the Government of Assam	30,00,000		30,00,000
Grants in aid to the Government of North-West Frontier Province	1,00,00,000		1,00,00,000
Grants-in-aid to the Government of Orissa	47,00,000		47,00,000
Grants in-aid to the Government of Sind	1,10,00,000		1,10,00,000
Grants in-aid to the Government of Coorg		2,27,000	2,27,000
Total	3,12,00,000	2,27,000	3,14,27,000
62 —Miscellaneous Adjustments between Central and Provincial Governments—			
Payment in connection with the pensions of the Pilotage and Non-Pilotage Establishments of the Bengal Pilot Service	1,48,961	13,562	1,62,523
M —Extraordinary Items—			
63 —Extraordinary Charges—			
Charges in India . . .	3,10,572	2,437	3,13,009
Charges in England	11,610	6,943	18,553
Loss or Gain by Exchange	—60	—36	—96
Total	3,22,122	9,344	3,31,466
Capital Accounts outside the Revenue Account—			
AA —Principal Revenue Heads—Forest and other Capital Accounts outside the Revenue Account—			
66 —Capital outlay on the Security Printing Press—			
Buildings		8,058	8,058
Plant and Machinery . . .		605	605
Minor Equipment . . .		3,652	3,652
Miscellaneous . . .		83	83
Deduct —Depreciation		—94,313	—94,313
Total		—81,915	—81,915

No 5 DETAILED ACCOUNT OF EXPENDITURE BY MINOR HEADS

contd

Heads 1	Actuals for 1937-38		Total. 4 Rs
	Non-voted 2	Voted 3	
	Rs	Rs	
Capital Accounts outside the Revenue Account—contd			
BB.—Railway Capital Account outside the Revenue Account—			
67-A. Construction of State Railways—Commercial—			
I Preliminary Expenses	..	1,29,425	1,29,425
II Land		—8,51,035	—8,51,035
III Structural Engineering Works	..	23,30,850	23,30,850
IV Equipment	..	36,19,416	36,19,416
V. Rolling Stock	..	3,60,994	—3,60,994
VI General Charges	..	1,552	—1,55,540
VII Collieries	.	4,536	—6,23,428
VIII Miscellaneous	.	753	—31,81,688
IX Suspense	..	29,117	39,07,825
X Purchase of Railway Line	..	30,46,747	30,46,747
XI Share of Branch Lines	.	—34,88,410	—34,88,410
Deduct —Receipts on Capital Account		—29,200	—29,200
Total	35,958	37,85,118	38,21,076
67-B. Construction of State Railways—Strategic—			
I Preliminary Expenses		1,39,204	1,39,204
II Land	.	23,991	23,991
III Structural Engineering Works	.	15,73,179	15,73,179
IV Equipment		32,142	32,142
V Rolling Stock		—2,10,039	—2,10,039
VI. General Charges	.	32,992	23,582
IX Suspense		—2,46,982	—2,46,982
Deduct —Receipts on Capital Account		—5,716	—5,716
Total	32,992	13,29,361	13,62,353
67-C Capital contributed by Railway Companies towards outlay on State Railways—Discharge of Debentures			
	1,94,78,555		1,94,78,555

o. 5 DETAILED ACCOUNT OF EXPENDITURE BY MINOR HEADS

contd

Heads 1	Actuals for 1937-38		Total. 4 Rs
	Non-voted 2 Rs	Voted 3 Rs	
Capital Accounts outside the Revenue Account—contd			
CC.—Capital Account of Irrigation, Navigation, Em- bankment and Drainage Works outside the Revenue Account—			
68 —Construction of Irrigation, Navigation, Em- bankment and Drainage Works—			
A —Irrigation Works—			
(1) Productive—			
Works	.	44,812	44,842
Establishment	..	11,943	11,943
Tools and Plant	.	228	228
<i>Deduct</i> —Receipts and Recoveries on Capital Account	..	—12,761	—12,761
(2) Unproductive—			
Works		35,089	35,089
Establishment	.	5,725	5,725
Tools and Plant	.	450	450
<i>Deduct</i> —Amount financed from Ordinary Revenues		11,864	—41,804
Total		44,252	44,252
DD.—Posts and Telegraphs Capital Account outside the Revenue Account—			
69.—Capital Outlay on Posts and Telegraphs			
A —Capital outlay on New Assets	16,027	43,66,149	43,82,176
<i>Deduct</i> —Portion of Capital Outlay financed from Ordinary Revenues	—6,932	—3,66,191	—3,73,123
Total	9,095	39,99,958	40,09,053
FF. Civil Administration—Capital Accounts outside the Revenue Account—			
71.—Capital outlay on Schemes of Agricultural Improvement and Research—			
Transfer of Imperial Institute of Agricultural Research from Pusa to Delhi	.	85,409	85,409
73.—Capital Outlay on Vizagapatam Port—			
General Charges	.	11,237	11,237
Land		—97,579	—97,579
Dredging		—8	—8
Reclamation Works		8,687	8,687
Suspense	..	1,07,813	1,07,813
		—60,317	60,317
Total	..	—30,167	—30,167

No. 5. DETAILED ACCOUNT OF EXPENDITURE BY MINOR HEADS

contd

Heads 1	Actuals for 1937-38		Total 4
	Non-voted 2	Voted 3	
	Rs	Rs	Rs
Capital Accounts outside the Revenue Account—contd			
74 —Capital Outlay on Lighthouses and Lightships—			
Lighthouses		21,983	21,983
Lightships		1,559	1,559
Tools, Plant and Equipment		3,678	3,678
Stock and Suspense		—92	—92
<i>Deduct</i> —Amount financed from General Reserve Fund—Lighthouses and Lightships		—8,128	—8,128
<i>Deduct</i> —Amount financed from Additions and Replacement Reserve Fund		—19,000	—19,000
Total			.
GG. Currency and Mint Capital Accounts outside the Revenue Account—			
77. Currency Capital Account outside the Revenue Account—			
Buildings		5,490	5,490
Plant and Machinery		64,857	64,857
Minor Equipment	..	42	42
<i>Deduct</i> —Depreciation		—71,161	—71,161
Total		—856	—856
HH. Capital Account of Civil Works and Miscellaneous Public Improvements outside the Revenue Account—			
78 —Initial Expenditure on New Capital at Delhi—			
Works		8,02,787	8,02,787
Establishments	..	1,16,567	1,16,567
Tools and Plant		11,943	11,943
Miscellaneous		18,83,000	18,83,000
Total	..	28,14,297	28,14,297

N^o 5 DETAILED ACCOUNT OF EXPENDITURE BY MINOR HEADS *concl'd*

Heads 1	Actuals for 1937-38		Total 4
	Non-voted 2	Voted 3	
	Rs	Rs	Rs
Capital Accounts outside the Revenue Account—concl'd			
JJ.—Miscellaneous Capital Account outside the Revenue Account—			
83.—Payments of commuted value of Pensions—			
(a) Payments in India	15,87,159	48,91,803	64,78,962
(b) Payments in England—			
Par Value	17,35,749	92,254	18,28,003
Loss or Gain by Exchange	—8,993	—478	—9,471
<i>Deduct —</i>			
(1) Amount financed from ordinary revenues	83,575	—7,99,015	—7,15,440
(2) Amount recovered from other Governments	—6,52,967	—6,71,804	—13,24,771
(3) Capital portion of equated Payments out of revenue	—13,59,425	—27,13,076	—40,72,501
Total	13,85,098	7,99,684	21,84,782
85.—Payments to Retrenched Personnel—			
Non-Commercial Departments		249	249
Other Commercial Departments and undertakings	—6	2,860	2,854
<i>Deduct —</i> Repayments out of revenue	11,569	—8,22,252	—8,63,821
Total	11,575	—8,19,143	—8,60,718

No. 6 STATEMENT OF CAPITAL EXPENDITURE OUTSIDE THE REVENUE ACCOUNT DURING AND TO END OF THE YEAR *concl'd*

Heads 1	Expenditure during the year 2	Expenditure to end of the year 3
	Rs	Rs
69. Capital Outlay on Posts and Telegraphs		
Post Office .. .		1,48,92,107
Telegraphs .. .	16,94,614	11,38,66,835
Telephones . . .	22,11,099	2,72,39,920
Radios . . .	1,03,340	31,29,989
Total	40,09,053	15,91,28,851
71.—Capital Outlay on Schemes of Agricultural Improvement and Research—		
Transfer of Imperial Institute of Agricultural Research from Pusa to Delhi	85,409	32,58,063
78. Capital outlay on Vizagapatam Port	—30,167	3,81,48,603
77.—Currency Capital Account—		
Payments to the Reserve Bank of India under Section 46 of the Reserve Bank of India Act . . .	..	5,18,99,269
Currency Note Printing Press .. .	—856	16,47,305
Total Currency Capital Outlay	—856	5,35,46,574
78.—Initial Expenditure on New Capital at Delhi	28,14,297	15,59,64,370
83.—Payments of commuted value of Pensions	21,84,782	5,66,68,295
84. Capital outlay on Bombay Land Scheme		2,31,11,835
85.—Payments to Retrenched Personnel	—8,60,718	500
GRAND TOTAL	3,28,26,121	7,69,39,24,677

B. DEBT, DEPOSIT AND REMITTANCE ACCOUNTS.

PART I REPORT.

B DEBT, DEPOSIT AND REMITTANCE ACCOUNTS.

1.- Report.

INTRODUCTORY

1 Disbursements under debt and remittance heads, although involving temporary appropriations of Government funds, are not ordinarily regarded as expenditure within the meaning of Section 67 A (5) of the Government of India Act, as set out in the 9th Schedule of the Government of India Act, 1935, and, except in a few specified cases, are not required to be submitted to the Legislature in the form of demands for grants. But it is of course essential to maintain a complete and progressive record of the debt, deposit, advance, suspense and remittance transactions embracing *inter alia* the various receipts and disbursements the management of all of which constitutes a vital part of the machinery of financial administration. That record is found in this part and its object is in the first place, to give a complete enumeration of balances under debt, deposit and remittance heads and, in the second place, to review the current state of the accounts under each head.

This report, which is the first report on debt head transactions prepared under Section 169 of the Government of India Act, 1935, contains an elaborate narrative account of the origin and nature of certain transactions. It is proposed not to repeat this information in future and to restrict the explanatory matter to explaining the head of account itself.

2. The following are the statements of balances of the Central Government in India and England on the 31st March 1938.

I. Balances in India.

Debit Balance	Section of the General Account	Name of Account	Page	Credit Balance.
Rs				Rs
5,34,12,44,711	A to M and S (II)	Government	90	
	N	Public Debt	98	4,76,82,76,589
	O	Unfunded Debt	105	2,18,10,30,191
..	P	Deposits and Advances	115	
..		(i) Depreciation and other Re- serve Funds	..	44,48,07,016
4,59,53,780		(ii) Deposits and Advances (Net)	..	.
44,02,69,951		(iii) Purchases and Sales of Silver	.	.
2,25,85,905		(iv) Investments	.	.
..	Q	Loans and Advances by the Central Government—	180	
1,24,71,57,762		(i) Advances to Provincial Governments		..
21,80,70,085		(ii) Other Loans	.. ..	..
9,138	S (I)	Remittances	. 192	2,46,98,881
10,35,21,345	V	Cash Balances	201	.
7,41,88,12,677		Total	..	7,41,88,12,677

II.—Balances in England.

Total	Debit Balance High Commissioner	Secretary of State	Section of the General Account	Name of Account	Page	Secretary of State	Credit Balance High Commissioner	Total
£	£	£				£	£	£
353,476,257		353,476,257	A to M and S (II)	Government	90		176,957	176,957
..			N	Public Debt	98	350,919,865		350,919,865
..			O	Unfunded Debt	105	8,940,859		8,940,859
			P	Deposits and Advances— (1) Depreciation and other Reserve Funds	115			
5,122,832	31,844	5,090,978		(11) Deposits and Ad- vances (Net)		7,500,000		7,500,000
8,098,542	..	8,098,542		(111) Investments			.	..
120,261	99	120,162	S (II)	Remittances	192		..	..
719,799	145,014	574,785	V	Cash Balances	201			
367,537,681	176,957	367,360,724		Total	..	367,360,724	176,957	367,537,681

3 It may be mentioned here that the balances of accounts shown in these statements are not, and cannot be, regarded as a complete record of the state of affairs of the Central Government, as it is not possible to take into account all the various assets of Government such as land, buildings, communications, etc., for which no statistics are available and the value of which it is difficult to estimate. These statements, therefore, show the balances of those accounts only for which separate running accounts are kept within the Government books.

The above balances are reviewed in detail in the following paragraphs

Sections A to M and S (II)—Government Account.

India

Dr. Rs. 5,34,12,44,711.

England { Secretary of State
High Commissioner

Dr £353,476,257

Cr £176,957

4 This is the general closing head in the ledger. Under the system of book-keeping followed in the Indian Accounts, all balances which are not carried forward from year to year are closed to this head. It is also used as an adjusting head for the purpose of counterbalancing entries which have been included elsewhere in the accounts. The balance under this head, therefore, represents the cumulative results of revenue capital and other transactions in respect of which no separate progressive balanced accounts are kept. A general outline of the balance in India on the 31st March 1938 is given in the following table

Government
Account—
India

Dr.

Cr.

5,21,42,59,275	A —Opening Balance	
	B —Revenue Receipts for 1937-38	1,22,47,99,561
1,22,47,99,561	C —Expenditure on Revenue Account for 1937-38	
3,28,26,121	D —Capital Expenditure outside the Revenue Account for 1937-38	
	E —Appropriation for reduction or Avoidance of Debt— Other Appropriations for 1937-38	1,15,29,000
	F —Net Remittances between England and India for 1937-38	
48,99,61,449	G —Transfer of cash between England and India	36,67,05,840
	H —Miscellaneous	1,75,67,294
	I —Closing Balance, Dr	5,34,12,44,711
6 96,18,46,406	Grand Total	6,96,18,46,406

5 Item A represents the balance brought forward from the last year. The figures against B, C, D, E, F and G. agree with the corresponding figures in Accounts Nos 2, 3, 4, 111 and 112 of the Combined Finance and Revenue Accounts for 1937-38

Government Account—“G - Miscellaneous” The following are the details of the sum of Rs. 1,75,67,294 against India

	Dr Rs	Cr. Rs
(1) Adjustment in respect of the balances of the separated Burma Government on 31st March 1937 (as shown in Appendices A + B + C — E)	7,12,43,082	9,02,07,182
(2) Adjustment in respect of the balances on 31st March 1937 relating to Aden as shown in Appendix D	13,372	12,42 208
(3) Adjustment in connection with the transfer to Provincial Governments and the Government of Burma of their balances on the inauguration of Provincial Autonomy and separation of Burma		12,08,33,347
(4) Adjustment in connection with the cash balances in treasuries and Reserve Bank of India relating to provinces and Burma being taken over by the respective Governments on 1st April, 1937	12,70,47,170	.
(5) Adjustment in respect of the cash balance at the Aden Treasury on 31st March 1937	1,89,851	.
(6) Adjustment in connection with the abolition of the Provincial Loans Fund		37,92,744
(7) Adjustment of the proportionate share of the Defence Department (14 64 per cent) in respect of the half-yearly equated instalment paid by the Joint Water Board, Delhi, on account of the Government Loan to that body	17,176	
(8) Adjustment of the gain on the commutation of the Amanoti Stock certificates into cash payment		945
(9) Adjustment on account of the difference between proof sheet and Administrators' balances under Madras Sea Customs Out-ports Account written off as irreconcilable		1,519
Total	19,85,10,651	21,60,77,945
Net Cr		1,75,67,294

Government Account—England 6 Balances in England

Secretary of State	Dr	£ 353,476,257
High Commissioner	Cr	176,957

The balances are analysed below

Debits

Credits

High Commissioner £	Secretary of State £	Particulars	Secretary of State £	High Commissioner £
	363,914,957	A —Opening Balance ..	..	118,490
5,719,936	24,502,929	B —Remittance Account between England and India	2,691,526	28,403
		C —Transfers of Cash between England and India	30,997,108	5,750,000
		D —Miscellaneous ..	1,252,995	.
176,957	.	E —Closing Balance	353,476,257	..
—		.. Grand Total ..	388,417,886	5,896,893
5,896,893	388,417,886			

7 The statement given below is intended to afford a general view of the combined balances of the Central Government in India and in England in units of rupee currency, outstanding sterling debts and other balances in England being combined with the corresponding balances in India at the rate of £1=Rs 13½ and the resultant total expressed in rupees. This method of presentation does not, however, purport to be the correct method of assessing the sterling balances at their real rupee value, but in the absence of any more accurate basis for determining the exact rupee equivalent of these balances, the sterling figures have been converted into rupees at the above rate.

Balances in India and England (combined).

Debit balances	Rs	Rs	Credit balances	Rs
Government Account		10,05,19,02,039		
P —Deposits and Advances—			N —Public Debt	9,14,72,08,117
Deposits and Advances	12,22,39,568			
Purchases and sales of Silver .. .	44,02,69,951		O —Unfunded Debt	2,30,02,41,653
Investments	11,94,41,335	68,19,50,854		
			P —Deposits and Advances	
Q —Loans and Advances by Central Government—			Depreciation and other Reserve Funds	54,16,63,376
Advances to Provincial Governments	124,71,57,762			
Other Loans ..	21,80,70,085	1,46,52,27,847	S —Remittances	2,46,98,881
S —Remittances		16,12,620		
V —Cash Balances		11,31,18,667		
Total ..		12,31,38,12,027	Total ..	12,31,38,12,027

8. The debit balance under "Government Account" is composed of the following items of debit and credit.—

Debits		Credits	
	Rs		Rs
1 Revenue deficit from 1st April 1914 to 31st March 1938 less surplus up to 31st March 1914		16 Appropriation for Reduction or Avoidance of Debt otherwise than by means of regularly constituted Sinking Funds	16,63,55,717 (a)
2 Capital Expenditure outside the Revenue Account		17 Corrections without financial adjustments of Capital Expenditure under the following heads—	
66—Capital Outlay on the Security Printing Press	6,92,697	Railway Capital Account	
Railway Capital Account	7,05,35,36,267	68—Construction of Irrigation, etc., Works	—5,84,90,261
68—Construction of Irrigation, etc., Works	1,07,97,053	69—Capital Outlay on Posts and Telegraphs	93,594
69—Capital Outlay on Posts and Telegraphs	15,91,28,851	73—Capital Outlay on Vizagapatam Port	5,98,70,279
71—Capital Outlay on Schemes of Agricultural Improvement and Research	32,58,063	78—Initial Expenditure on New Capital at Delhi	—9,41,601
India's financial contribution to the War (1917-18)	1,50,00,00,000	80—Bombay Development Scheme	—11,60,988
73—Capital Outlay on Vizagapatam Port	3,81,48,603	18 Adjustment in connection with Irrigation Capital Outlay originally met from Central Revenues and subsequently treated as a loan to Provincial Governments under Devolution Rule 24	—61,75,296
77—Currency Capital Outlay	5,35,46,574		
78—Initial Expenditure on New Capital at Delhi	15,59,64,370	19 Balance under "Exchange on Remittance Account" on 31st March 1927	17,79,22,273
83—Payments of Commuted value of Pensions	5,66,68,295	20 Balance under the suspense heads "Gain on revaluation of gold and sterling securities in the Paper Currency Reserve" (Credit Rs 9,29,74,184) and "Loss on realisation of rupee securities in the Reserve" (Debit Rs 65,07,410) written off on the institution of the Reserve Bank on 1st April 1935	12,44,26,105
84—Capital Outlay on Bombay Land Scheme	2,31,11,835		
85—Payments to Retrenched Personnel	500 9,05,48,53,108		
3 Capital liabilities involved in the purchase of Railways under redemption by Annuities and Sinking Funds not re-deemed to end of 1923-24 added to Public Debt in 1924-25			8,64,66,774

4	Railway Debenture Stock taken over by the Government of India— East Indian Railway £18,500,000 Great Indian Peninsula Railway £3,500,000 Burma Railway £1,250,000		
5	Adjustment on account of revaluation of gold and sterling securities in the Paper Currency Reserve on 1st April 1920 ..	23,06,60,667	13,89,11,550
6	Exchange on the balance under Government Account in the Home books on 31st March 1920 and 31st March 1927	17,47,36,516	8,60,18,320
7	Difference between 7 per cent Stock exchanged for 3 per cent in 1921-24 and 3 per cent Stock issued in exchange	17,15,76,169	4,92,92,725
8	Adjustment on account of sale or transfer of securities held in the Companies' Railways Provident Funds and Cash Balance Investment Account in the years 1921-22 to 1929-30	8,36,52,413	4,60,74,973
9	Opening Balance provided for the North-West Frontier Province on its constitution as a Governor's Province on 18th April 1932	1,29,27,326	5,11,11,826
10	Adjustment on account of the opening balances of Indian Military Service Family Pension Fund and the Indian Civil Service Family Pension Fund on 1st April 1936	10,00,000	2,46,17,110
11	Adjustment in connection with the cancellation of the deficit debt of the Government of Coorg to end of 1936-37	14,68,14,694	1,57,34,028
12	Adjustment in connection with the cancellation of debt and the write-off of the negative free balances of certain Provincial Governments under the scheme for the decentralisation of balances and the cancellation and consolidation of Provincial Government Debt	8,63,939	4,39,971
			62,00,000
			59,43,300
		14,34,72,811	16,15,435

(a) Includes Rs 1,25,89,660 equivalent to £1 1,258,966 on account of capital value of annuities discharged during 1924-25 and adjusted in the accounts of that year under "21—Appropriation for Reduction or Avoidance of Debt",

Debits	Rs.	Credits	Rs.	Rs.
13 Remission of the capital portion of the instalment payable by the Government of Bihar in 1936-37 in respect of loans taken from the Provincial Loans Fund		32 Transfer to the Debt Section of the accounts of undadjusted balances of deposits and advances from— 50—Military Engineering Services Post and Telegraphs Department books Railway books ..	7,08,848 63,128 12,92,571	20,04,547
14 Adjustment in connection with the handing over to Provincial Governments and Burma of cash balances on 1st April 1937 on the inauguration of Provincial Autonomy and repatriation of Burma		33 Adjustment of proportionate cost of assets transferred to New Delhi Municipal Committee originally debited to Civil Works, treated as a loan to the Committee in 1935-36		3,09,698
		34 Adjustment of difference in exchange on transactions entered through London Account Current		9,14,452
		35 Adjustment in respect of the balances of the separated Burma Government on 31st March 1937		1,89,64,100
		36 Adjustment in respect of the balances relating to Aden on 1st March 1937	12,28,840	
		Adjustment in respect of the cash balance at the Aden Treasury on 1st March 1937	-1,59,571	10,38,045
		37 Adjustment in connection with the abolition of the Free Trade Town Fund		37,92,744
		38 Adjustment in connection with the payment of the balance of the Aden Treasury on 1st March 1937	1,67,21,003	
		39 Adjustment in connection with the payment of the balance of the Aden Treasury on 1st March 1937	-14,493	1,97,06,000
		40 Adjustment in connection with the payment of the balance of the Aden Treasury on 1st March 1937		4,400
		41 Adjustment in connection with the payment of the balance of the Aden Treasury on 1st March 1937		10,05,19,02,019
		Total		11,37,03,23,468

Item No 1 As no separate running accounts are kept in the combined Finance and Revenue Accounts or in any other financial accounts of the Central Government in regard to the cumulative revenue surplus or deficit, it has not been found practicable to determine with precision the cumulative results of the revenue account of the Central Government from the beginning. This would necessarily involve detailed analysis and considerable readjustment of past accounts as far back as 1834, and as the labour involved in such a task would be impossibly heavy, the figure for accumulated revenue deficits has been worked out from 1914-15, which being the first year after the close of a period of financial tranquillity and prosperity, has been taken as a convenient starting point. To this figure has been added the balance under Government Account on 1st April 1914 less the balance of the Remittance Account between England and India on, and the amount of capital expenditure up to, that date it being assumed that this represented the cumulative revenue surplus or deficit up to that date.

Item No 2 The figures of capital expenditure agree with those shown in the relevant subsidiary statements of the Finance and Revenue Accounts

Item No 3 The debits represent the capital liabilities involved in the purchase of East Indian, Eastern Bengal Scinde Punjab and Delhi, Great Indian Peninsula and Madras Railways under redemption by annuities and sinking funds not redeemed to end of 1923-24 added to Public Debt in 1924-25 on the separation of Railways from General Finances

Item No 4 The debits represent the value of debenture stocks of the following Railways the liability for which was assumed by the Government of India when the Railway lines were taken over by the Government of India

	Rs
1924-25 E I Railway	18,50,00,000
1925-26 G I P Railway	3,50,00,000
1928-29 Burma Railways	1,66,66,667
Total	23,66,66,667

Item No 6 The adjustment was due to the changes in the official rate of exchange on 1st April 1920 and 1st April 1927 from 1s 4d and 2s per rupee to 2s and 1s 6d per rupee respectively

Item No 16 The figures represent the total sum appropriated for Reduction or Avoidance of Debt to that head from revenue since 1914-15

Item No 19 From the 1st April 1920 to the 31st March 1927 the accounts were prepared on the basis of the rate of 2s per rupee for the conversion of English Sterling transactions into rupees. The sterling value of the rupee stood, however, at a lower level in the latter part of this period, and in consequence large sums were brought to account as credits and debits on account of exchange in respect of transactions

involving remittance of funds to and from England. The balance outstanding on the 31st March 1927 amounting to Rs 12,44,26,105 which was more or less of the nature of book-keeping adjustments, was, therefore, written off to Government Account in the accounts for 1931-32

Item No 23 This represents the difference between the face value of the loans converted and the value of the securities issued in exchange plus amounts received in cash

Item No 39 The figure shown against "Miscellaneous Adjustments" is made up of miscellaneous writes-off, mainly the net result of irreconcilable differences in balanced heads, transferred to this head under the special sanction of the Auditor General and fractional differences due to omission of annas and pies in the Central Ledger

The other items are self-explanatory

SECTION N. Public Debt.

Public Debt. 9 The term "Public Debt" used in this Report is confined to regular loans raised from the Public in India and in England, including certain Railway liabilities and the outstanding portion of India's contribution to the Great War. It does not cover other interest-bearing obligations, such as Post Office Savings Bank Deposits and Cash Certificates and Provident, Depreciation Reserve and other funds, which are dealt with in Sections O and P of this Report. A comprehensive statement, showing the aggregate gross capital liabilities of the Central Government on the 31st March 1938 and the capital and other disbursements which are treated as a set-off against these liabilities, is to be found in Account No 2 of Part B of this Report

The liabilities reviewed in this Section are divided into two classes, namely, "Permanent Debt" and "Floating Debt". The term "Permanent Debt" covers such of the loans borrowed by Government in the open market as are intended to have, at the time when they are raised, a currency of more than twelve months. The term "Floating Debt" is applied to borrowings of a purely temporary nature, such as treasury bills and ways and means advances from the Reserve Bank of India which are to be repaid within twelve months. The balances under each of these classes, which represent the nominal value of outstanding debt on the 31st March 1938, as distinct from the cash proceeds in respect of the outstanding loans, are reviewed, in the following paragraphs

The outstanding balance of Public Debt on the 31st March 1938 amounted in the aggregate to a sum of Rs 9,44,72,08,117 as shown below, the sterling debt being converted into rupees at the rate of 1s 6d the rupee. This method of presentation probably does not show the sterling liabilities at their true rupee value but in the absence of a more suitable basis for determining the exact rupee equivalents of the sterling loans raised in England, based on actual conditions, the sterling figures have been combined with the corresponding rupee figures in India at the

conventional rate of 1s 6d the rupee and the resultant total expressed in Public Debt. rupees

Rupee Debt		Cr	Rs
Sterling Debt £350,919 865 converted into Rupees	at		4,76,82,76,589
£1 = Rs 13½		,,	4,67,89,31,528
Total		,	9,44,72,08,117

Rupee Debt

10 The balance under Rupee Debt is composed of the following parts

I.—Permanent Debt—

A —Loans bearing interest	Rs
B —Loans not bearing interest	4,38,40,05 489
II —Floating Debt	42,21,100
Total	38,00,50,000
	4,76 82,76 589

I. Permanent Debt.

11 The balances under this head are borne on the books of the Permanent Accountant General, Central Revenues. The details may be seen from Debt—India. the following statements

A —Loans bearing interest

Rate of interest	Description of Loan	Amount of each Loan	Total
		Rs	Rs
5½ per cent	Loan, 1938-40	19,13,89,900	19,13,89,900
5 per cent	Loan, 1940 43	25,18,47,800	
5 per cent	Loan, 1945 55	56,74,94,200	
5 per cent	Loan, 1939-44	27,78,12,400	1,09,71,54,400
4½ per cent	Indore State Railway Loan	70,00,000	
4½ per cent	Loan, 1955 60	9,05,69,700	9,75,69,700
4 per cent	Loan, 1960 70	63,30,26,300	
4 per cent	Scindia State Railway Loan	1,50,00,000	
4 per cent	Bonds, 1943	14,97,17,700	79,77,44,000
3½ per cent	Loan, 1842 43	24,54,06,550	
3½ per cent	Loan, 1854-55	20,85,81,639	
3½ per cent	Loan, 1865	38,44,83,000	
3½ per cent	Loan, 1879	2,71,35,100	
3½ per cent	Loan, 1900 01	36,46,05,100	
3½ per cent	Loan, 1947-50	55,94,36,900	1,78,96,48,289
3 per cent	Loan, 1896-97	3,23,54 200	
3 per cent	Bonds, 1941	10,67,31,700	
3 per cent	Loan, 1951-54	15,12,85,300	29,03,71,200
2¾ per cent	Loan, 1948-52	12,01,28,000	12,01,28,000
Total			4,38,40 05,489

Permanent
Debt—India.

B —Loans not bearing interest.

Description of Loan	Amount of each Loan
	Rs.
Treasury Bonds, 1935	8,71,300
Bonds, 1935	1,75,000
Bonds, 1931	2,10,700
Bonds, 1933	1,97,000
Bonds, 1932	1,19,000
Bonds, 1931	27,200
Bonds, 1930	3,75,100
Bonds, 1927	1,55,000
Bonds, 1926	92,100
Bonds, 1933-36	3,50,800
War Bonds, 1928	1,35,200
War Bonds, 1925	16,775
War Bonds, 1924	17,725
War Bonds, 1922	1,78,800
War Bonds, 1921	2,52,800
War Bonds, 1920	2,86,225
War Loan, 1929-17	6,22,675
Terminable Loan of 1915-16	24,800
Conversion Loan of 1916-17	78,000
Loan, 1934-37	2,63,000
Total	12,21,100

12 These figures correspond with those given on pages 412 and 413 of the Combined Finance and Revenue Accounts for 1937-38.

13 The Indore State Railway Loan of Rupees Seventy lakhs and the Scindia State Railway Loan of Rupees one crore and fifty lakhs are not borne on the registers of the Public Debt Office but were taken under special conditions from the Maharajas Holkar and Scindia. The balances of these loans have been accepted by the Government of India in the Finance Department.

14 The other loans are borne on the registers of the Public Debt Office and the verification of their balances consists in a reconciliation

between the loan balances which are outstanding on the books of the Accountant General, Central Revenues, and the corresponding balances in the books of the Public Debt Office, Calcutta, as representing the outstanding loans held against Government. A comparison of the figures of outstanding loans on the books of the Accountant General, Central Revenues, on the 31st March 1938 with the corresponding liabilities on the books of the Public Debt Office revealed differences under eighteen loan heads noted below

	Ledger balance more +, less— Rs
(1) 6½ per cent Treasury Bonds, 1935	—36,800
(2) 6 per cent Bonds, 1926	+100
(3) 6 per cent Bonds, 1930	—2,500
(4) 6 per cent Bonds, 1931	+1,500
(5) 6 per cent Bonds, 1932	—1,000
(6) 6 per cent Bonds, 1933 36	—9,600
(7) 5½ per cent War Bonds, 1920	+41,975
(8) 5½ per cent War Bonds, 1921	+825
(9) 5½ per cent War Bonds, 1922	+60,150
(10) 5½ per cent War Bonds, 1923	—75
(11) 5½ per cent War Bonds 1925	—300
(12) 5½ per cent War Bonds, 1928	—100
(13) 5 per cent War Loan, 1929 47	+10,150
(14) 5 per cent Bonds, 1933	+900
(15) 5 per cent Bonds, 1935	—17,000
(16) 4½ per cent Bonds, 1934	—1,000
(17) 4 per cent Conversion Loan 1916 17	—5,600
(18) 4 per cent Loan, 1934 37	—1,000

The ledger balances on the books of the Accountant General, Central Revenues, based as they are on the actual transactions passing through the Government accounts of the year, may be taken as the true liability of the Central Government on the 31st March 1938

The differences in the cases mentioned above are almost inevitable in respect of loans which are in course of discharge. A different system of book-keeping is followed in the Government and the Public Debt Office accounts. The reconciliation of the two sets of figures really amounts to locating the discrepancies which are mainly due to bonds cancelled by the Public Debt Office but not debited in the accounts during the year and *vice versa*. This reconciliation is reported to have been effected in respect of the discrepancies under all the loan heads except those at items (7) and (9) under which the discrepancies subsequent to 1930 only have been located. These differences were mostly due to securities discharged and accounted for as such in the accounts of the Accountant General, Central Revenues, but not cancelled by the Public Debt Office during the year under report and in the case of the War Loan,

Permanent Debt—India. 1929-47, to a certain extent to outstanding allotment letters not having been converted into scrip. The balances on the books of the Public Debt Office are not reduced until the securities are actually cancelled by that office, while the necessary debits are adjusted through the accounts of the Accountant General, Central Revenues, on the basis of information furnished by the Accountants General.

In the case of War Bonds, 1920 and 1922, it has been found impracticable after such a lapse of time to locate the differences prior to 1931 and therefore they have been allowed to stand, but transactions during the year relating to these loans which operate to affect the balances are watched in the Account Office with the object of reducing the difference to a minimum. The amount of difference, as it will stand after the usual period of 20 years from the date of discharge of the loans, will be written off to Revenue.

II Floating Debt

Cr. Rs. 38,00, 50,000

Floating Debt—India. 15 The balance under Floating Debt is made up of Treasury Bills outstanding on 31st March 1938 on the books of local Head Offices and the Branch Offices of the Reserve Bank of India. It has been accepted by the Reserve Bank of India. The details according to accounting circles are as follows:

	Rs
Central Revenues	35,38,75,000
Bombay	2,40 50,000
United Provinces	2,50,000
Punjab	17,00,000
Sind	1,75,000
Total	38,00,50,000

Sterling Debt

Cr. £350, 919, 865

Sterling Debt. 16 The balance under Sterling Debt is composed of the following parts.

A—Permanent Debt—

	£
I —Loans bearing interest	350,917,361
II —Loans not bearing interest	2,504

Total 350,919,865

The balances of sterling loans are as follows

Sterling Debt.

Permanent Debt

I. Loans Bearing Interest

	£
India 5 per cent stock	8,879,614
India 4½ per cent stock	56,769,022
India 4 per cent stock	11,355,000
India 3½ per cent stock	98,067,884
India 3 per cent stock	86,284,185
India 2½ per cent stock	11,539,986
East Indian Railway Irredeemable Debenture Stock, 4½ per cent	1,435,650
East Indian Railway New Debenture Stock, 3 per cent	8,000,000
East Indian Railway Debenture Stock, 3½ per cent	7,000,000
Eastern Bengal Railway Irredeemable Debenture Stock, 4 per cent	348,666
South Indian Railway Perpetual Debenture Stock, 4½ per cent	425,000
Great Indian Peninsula Railway Irredeemable Debenture Stock, 4 per cent	2,701,450
Great Indian Peninsula Railway Debenture Stock, 3½ per cent	3,500,000
Burma Railway Debenture Stock, 3 per cent	1,250,000
Unexpired liability for British Government 5 per cent War Loan (1929-47) taken over by India	15,466,928

Railway Annuities

East Indian Railway Annuity terminating in 1953	12,788,342
Eastern Bengal Railway Annuity terminating in 1957	1,610,502
Sinde Punjab and Delhi Railway Annuity terminating in 1959	5,327,399
Great Indian Peninsula Railway Annuity terminating in 1948	11,564,637
Madras Railway Annuity terminating in 1956	6,603,096

Total Loans Bearing Interest 350,917,361

II. Loans not bearing interest

	£
India 5½ per cent Stock, 1932	1,800
India 5½ per cent Stock, 1936	104
India 6 per cent Bonds, 1932	450
India 6 per cent Bonds, June, 1933	100
India 6 per cent Bonds, October, 1935	50

Total Loans Not Bearing Interest 2,504

Sterling Debt. 17 These balances are borne on the books of the Secretary of State and agree with the figures shown in Account No 93 of the Combined Finance and Revenue Accounts for 1937-38 and Account No 3 of Part B of this Report. The balances in respect of India Stocks and Bonds agree with the amounts shown in statements received at the India Office from the Bank of England and Bank of Ireland and with the Statement of Debt presented to Parliament.

The amount shown against "Unexpired liability for British Government 5 per cent War Loan (1929-47) taken over by India" is the undischarged balance of the liability assumed by India as a contribution towards the cost of the Great War. The original liability accepted in 1917, corresponding to the capital and interest of £100,000,000 British Government 5% War Loan (1929-47), was reduced by the transfer to the Imperial Government of £77,284,000 representing the proceeds of a loan issued in India and by periodic sinking fund payments, which were discontinued after November 1928. The net amount outstanding £16,721,003, was further reduced, on the separation of Burma, by £1,254,075, representing the share ($7\frac{1}{2}\%$) of the capital liability at 1st April 1937, taken over by Burma under the terms of the Financial Settlement. The British War Loan was converted in December 1932 into a $3\frac{1}{2}$ per cent loan maturing in or after December 1952. His Majesty's Government have, however, agreed, in view of the position of War Debts generally, that payment by India of interest after June 1931 should provisionally be suspended. See also paragraph 55.

The amounts shown under Railway Annuities represent the unexpired portion of the capital liability involved in the purchase of Railways, under redemption by annuities, which has been transferred to General Revenues on the separation of the Railway Finances from the General Finances of the Government of India. These amounts were added to Public Debt on 1st April 1924, and the outstandings are being gradually reduced as the annuities are paid off year by year.

The balances of Railway Debenture Stocks agree with the amounts shown in the statements received at the India Office from the Bank of England and the East Indian Railway Company.

18 Besides the above, funds have also been raised for railway purposes by the Secretary of State by the issue, through Railway Companies working State lines, of ordinary share capital, debenture stock and debentures. The total sterling amount outstanding at 31st March 1938 and payable in the event of termination of the various contracts was £22,876,248 in addition to £684,580 in respect of the line leased from the South Behar Railway Company. Of this total, a sum of £88,000 representing the difference between the cash received and the nominal amount of Bengal and North Western Railway Debenture Stock allocated to State Works is being provided for by a Discount Sinking Fund. Although the interest on these stocks and bonds is, in most cases, guaranteed by Government, they are not in the nature of direct obligations and are accordingly not included in the Public Debt of the Central Government.

SECTION O. Unfunded Debt

{ India Cr. Rs 2,18,10,30,191
 { England Cr. £8,940,860

19 The term "Unfunded debt" is used to describe a number of interest-bearing obligations of Government in respect of funds deposited with it for various purposes. The principal classes of these obligations are

	India	England
	Rs	£
Special Loans	1,45,62,335	
Treasury Notes	71,619	
Deposits of Service Funds	1,07,06,674	8,940,860
Post Office Cash Certificates	60,20,81,745	
Savings Bank Deposits	77,49,75,786	
State Provident Funds	69,67,84,277	
Other Accounts	8,18,47,755	
Total	2,18,10,30,191	8,940,860

Special Loans

Cr Rs 1,45,62,335

20 Under this head is recorded a number of interest-bearing obligations mostly of a permanent character, of which the following are the details, corresponding with the figures given at page 450 of the combined Finance and Revenue Accounts for 1937-38

	Central Revenues	United Provinces	Punjab	Total
	Rs	Rs	Rs	Rs
8 per cent Perpetual Loan (Madras)	21,000			21,000
6 per cent Perpetual Loan (Madras)	70,000			70,000
Endowments by the late King of Oudh—				
First Loan (6 per cent)		24,91,005		24,91,005
Third Loan (5 per cent)		98,51,131		98,51,131
Sixth Loan (4 per cent)		14,01,199		14,01,199
Appropriation for the maintenance of Madho Rao	6,68,000			6,68,000
Endowment for Charitable and Educational Institutions	50,000		10,000	60,000
Total	8,09,000	1,37,43,335	10,000	1,45,62,335

Special Loans 21. Full particulars of these loans are given below

Madras Perpetual Loans **Rs. 91,000**

These are all deposits made by private persons originally with the Government of Madras and accepted by that Government as perpetual loans. There are two deposits at 8 per cent dating from 1796 to 1808 and aggregating Rs 21,000 and one at 6 per cent dating from 1727 amounting to Rs 70,000. The Government apparently entered into bonds with regard to these deposits and now pays interest to the representatives of the depositors. The money is in each case an endowment for religious purposes connected with Christian Churches. The balances have been accepted by the Government of India in the Finance Department.

Endowments by the King of Oudh—

	Rs
First Loan	24 91,005
Third Loan	98,51,131
Sixth Loan	14,01,199

These are endowments made by the late King of Oudh for the payment of pensions and certain stipends called Wasika Pensions. The balances of the loans have been reduced by Rs 12,909, Rs 8,014 and Rs 997 respectively during the year under report by adjustments made in accordance with the Government of India, Finance Department letter No. A-4509, dated the 18th September 1895 for the values of commuted and lapsed pensions.

The balances have been duly verified.

**Appropriation for the Maintenance of
Madho Rao** **Rs. 6,68,000**

The balance shown against this head represents the amount appropriated in 1861 out of the property forfeited by Madho Rao's father to provide a pension for his son. The balance has been accepted by the Government of India in the Finance Department.

Endowment for Charitable and Educational Institutions **Rs. 60,000**

The particulars of these endowments are—

Central Revenues—

(1) Deposits of the Lawrence Military Asylum, Mount Abu	10,000
(2) Annuity Fund of Fetteh Ullah Khan	40,000
Total	50,000

Punjab

Lawrence Memorial Asylum at Murree

Rs 10,000

These consist generally of endowments for specific purposes of an educational or charitable character, *e g*, maintenance of asylums for the poor, etc, which were accepted by Government from private persons at various times. These loans are practically fixed and do not therefore require annual verification. The balance on the Punjab books has been acknowledged as correct by the Administrator of the Endowment.

Treasury Notes**Cr Rs 71,619**

22 The balance represents the value of three non-transferable Treasury Notes at 4 per cent (Madras) one of 1872-73 for Rs 41,400, one of 1863-64 for Rs 20,219 and one of 1873-74 for Rs 10,000. The first represents an endowment belonging to the Lawrence Memorial Royal Military School, Lovedale, Ootacamund. The second and third Notes are endowments belonging to the Military Female Orphan Asylum, the Administrators for which are the Committee of Management, Lawrence Memorial Royal Military School. These Notes are held by the Accountant General, Madras, on behalf of the Director of Public Instruction, Madras, the Collector, Nilgiris, and the Treasurer, Charitable Endowments, Madras, respectively.

The balance has been accepted by the Government of India in the Finance Department

Deposits of Service Funds**India Cr. Rs. 1,07,06,674****England Cr. £8,940,860**

23 The details of *Deposits of Service Funds* are as follows

	Cr
India—	Rs
Bengal Uncovenanted Service Family Pension Fund	53,14,988
Bengal and Madras Service Family Pension Fund	16,77,005
Madras Military Assistant Surgeons' Fund	4,27,612
Bombay Family Pension Fund of Government Servants (Widows Pension Branch)	32,87,011
Indian Civil Service Family Pension Fund	58
Total	1,07,06,674

England—	£
Indian Military Widows' and Orphans' Fund	586,040
Superior Services (India) Family Pension Fund	472,032
Indian Military Service Family Pension Fund	4,709,389
Indian Civil Service Family Pension Fund	3,173,399
Total	8,940,860

Deposits of
Service
Funds.

24 *India* These represent in the main the balances of certain funds intended for the benefit of Government servants, but not under the control of Government, which are deposited with Government on favourable terms as to interest

In respect of all these funds the Treasury is merely the depository, the funds having in each case their separate offices and organisations for keeping the details of the accounts. The verification of the balances therefore consists in merely agreeing the balances on the Government books with those claimed by the Trustees or other responsible officers of the funds. This reconciliation is reported to have been effected in all cases. The figures agree with those given on page 451 of the Combined Finance and Revenue Accounts for 1937-38.

25 *England* The Indian Military Widows' and Orphans' Fund was designed to secure suitable provision for the widows and orphans of officers of the Indian Army not being subscribers under the Indian Military Service Family Pension Regulations. The balance of the fund which is essentially sterling in character is now held in England.

The Superior Services (India) Family Pension Fund was established on the 1st September 1928, for the benefit of European and Anglo-Indian members of certain Superior Services other than the Indian Civil Service. The account of the fund, which is kept in England in sterling, is credited with the contributions realised from subscribers and the interest on the mean balance of the fund at the beginning and end of each half year, and is debited with pensions and other benefits payable under the rules of the Fund. The balance standing to the credit of the fund on 31st March, 1938, represents the excess of contributions, etc., over pensions.

All moneys contributed under the Indian Civil Service Family Pension Rules and the Indian Military Service Family Pension Regulations were up to 31st March 1936 credited as revenues of India and the pensions and other benefits paid were debited as a charge upon those revenues. Formal accounts were kept outside the Government account of these receipts and of all disbursements made therefrom together with an account of interest accruing on the balances calculated at rates fixed from time to time by the Secretary of State in Council. This interest was not debited to any Government account, the amount being treated as a contingent liability to be met as it materialised. Since 1st April 1936 these transactions have been brought under Section O-Unfunded Debt and the balances have been recognised as sterling liabilities of Government.

With effect from 1st April 1937 all these funds have been divided into two sections, namely, the transferred section and the untransferred section, to represent respectively the interest transferred to the Commissioners appointed under the Government of India (Family Pension Funds) Order, 1937, and the interest untransferred by reason of objection made under Section 273 (3) of the Government of India Act, 1935. The balances existing at the end of March 1936 in respect of the Section of the subscribers and beneficiaries who have elected for transfer is in process of being paid over to the appropriate Commissioners under the provisions

of the Order in Council. A total amount of £3,760,000 was so transferred in 1937-38. The balances relating to the other section of the subscribers and beneficiaries have been included in the untransferred section, but the continued existence of these sections as independent financial units is a matter for future consideration.

Deposits of
Service
Funds.

These funds are under the control of Government and are audited like other Government accounts.

Post Office Cash Certificates

Cr. Rs. 60,20,81,745

26 The balance under *Post Office Cash Certificates* represents the issue price of Cash Certificates sold to the public remaining undischarged at the end of the year under review and does not include the accrued liability in respect of bonus which is of the nature of deferred interest and is payable under the system described below.

Post Office
Cash Certi-
ficates

These certificates are repayable on demand at any time, but are ordinarily expected to remain in deposit for five years. On repayment, after the first year of deposit, a bonus is payable in addition to the principal. For a certificate remaining in deposit for the full five years, the bonus payable represents, at the rates of issue prevailing during the period covered by this report, approximately $2\frac{1}{2}$ per cent compound interest.

The ledger balance under this head has been proved with the outstandings in the subsidiary registers with a difference of Rs 2,265 which is under investigation.

A sum of Rs 3,00,188 representing the issue price of unclaimed Cash Certificates of 1923-24 issues was transferred to Revenue in the accounts for 1937-38.

A separate fund has been set up from 1930-31 to provide for the accruing liability in respect of bonuses on Post Office Cash Certificates by an annual provision in the revenue budget of the Government of India. A more detailed description of the fund is given in paragraph 56 of this Report.

Savings Bank Deposits

Cr. Rs. 77,49,75,786

27 These relate to savings banks established at Post Offices throughout the country to encourage thrift and the banking habit. Deposits are received into them subject to certain limitations and bear interest at a fixed rate which was 2 per cent during the year under review. The interest credited to the depositors' accounts during the year amounted to Rs 1,46,23,897. The balance mentioned herein excludes the balances under "Dead Savings Bank Accounts" which are shown separately under "Deposits". The ledger balance was found to differ from the total of the balances of live accounts held at the credit of the depositors as worked out from the books of the Audit Offices by Rs 61,609. Excepting for a sum of Rs 55 which is under verification, all the other differences have been adjusted in the accounts for 1938-39.

Savings Bank
Deposits

State Provident Funds

Cr. Rs. 69,67,84,277

28 These are funds established for the benefit of Government servants, contributions to which are, in certain cases, compulsory. Government pays interest on the sums deposited in them and, in some cases

State Provi-
dent Funds.

State Pro- where the funds in effect represent substitutes for pensions, supplements
vident Funds are paid to the depositors on the termination of their service Tem-
details of these funds are as shown in the following table

Balances of State Provident Funds

	Central Revenues	Indian Stores Depart ment	Balu chistan	Madras	Bombay	Bengal	United Provinces	Punjab
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
State Railway Provi dent Institutions	2,90,018			540				
Companies' Railways Provident Fund								
General Provident Fund	1,33,40,768	10,10,492	7,22,553	21,42,405	54,30,314	48,45,781	13,78,405	9,22,281
Indian Civil Service Provident Fund	6,92,593		38,124	32,712	65,689	1,46,388		15,598
Indian Civil Service (Non European Members) Provident Fund	30,352							
Defence Services Offi cer's Provident Fund								
Military Engineering Services Provident Fund								
Indian Ordnance Department Provi dent Fund								
Contributory Provi dent Fund	11,23,332	19,16,605		4,27,174	4,21,982	3,48,297		
Other Miscellaneous Provident Funds		3,04,878		2,70,649				
Total	1,54,77,063	32,31,975	7,60,677	28,73,480	59,17,985	53,40,466	13,78,405	9,37,879

the deposits by contributions from its own revenues The accumulated deposits
porary withdrawals are, however, permitted in certain circumstances The
on the 31st March 1938.

State
Provident
Funds.

Bihar	Central Provinces and Berar	North West Frontier Province	Assam	Orissa	Sind	Coorg	Defence	Railways	Posts and Telegraphs	Total
Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
								35,31,01,572		35,33,92,130
								24,95,96,386		24,95,96,386
6,55,503	4,66,186	2,72,616	2,43,511	1,19,735	5,15,365	5,06,065	1,34,97,357	31,47,414	2,82,44,745	7,74,61,498
3,449		1,23,753							1,09,058	12,27,364
									3,389	33,741
							19,55,547			19,55,547
							26,998			26,998
							55,38,269			55,38,269
		38,249					1,09,455			43,85,094
							25,91,725			31,67,252
6,58,952	4,66,186	4,34,618	2,43,511	1,19,735	5,15,365	55,06,06	2,37,19,351	60,58,45,372	2,83,57,192	69,67,84,277

State Railway Provident Institutions**Cr. Rs. 35,33,92,130**

29 The personal ledgers of the State Railway Provident Institutions maintained by the Railway Accounts Officers are reported to have been reconciled with the General Books of the Railways concerned except in the case of the East Indian Railway where the work of reconciliation is in progress. In the course of reconciliation differences, *viz*, Rs 3,86,359 on the Eastern Bengal Railway, Rs 298 on the East Indian Railway and Rs 48 on the North Western Railway were noticed which have since been set right in the accounts for 1938-39. The balance includes Rs 6,40,015 on account of the balance of the Indian Railway Conference Association Employees' Provident Fund. The balances of individual accounts were duly communicated to the depositors concerned.

A similar reconciliation has been effected in respect of the balances of Rs 2,90,018 and Rs 540 borne on the books of the Central Revenues and Madras respectively.

Companies' Railways Provident Fund**Cr. Rs. 24,95,96,386**State Provi-
Funds.

30 The balances at credit of this Fund have been reconciled with the accounts of individual depositors maintained by Railway Accounts Officers. There were, however, differences of Rs 5,286 on the Bengal Nagpur Railway and of Re 1 on the Assam Bengal Railway which have been adjusted in the accounts for 1938-39. The balances were communicated to the depositors.

General Provident Fund**Cr. Rs. 7,74,61,496**

31 The ledger balances of this fund on the books of the Civil and Departmental accounting officers are proved with the sum total of the balances of the personal accounts of the subscribers to the Fund. In doing so differences were found on the books of Central Revenues, Baluchistan, Madras, Punjab, Central Provinces, North West Frontier Province, Assam, Orissa, Sind and Coorg. Except for certain minor differences in the case of Central Revenues and Baluchistan which are still under settlement, all other differences have since been reconciled.

The balances at credit of the subscribers on 31st March 1938, are reported to have been communicated to them.

Indian Civil Service Provident Fund**Cr. Rs. 12,27,364**

32 The balances under this head represent deductions made from the salaries of members of the Indian Civil Service which are funded for the benefit of the officers concerned.

The balances have been reconciled with the accounts of individual depositors maintained in Account Offices. There was a difference of Rs 151 on the books of Central Revenues which has since been settled and a difference of Rs 443 noticed in the Punjab has since been reduced to Rs 83. Each depositor was furnished with a statement of his account.

Indian Civil Service (Non-European Members) Provident Fund**Cr Rs. 33,741****State Provident Funds.**

33 This fund was established on 1st January 1931. It is open only to non-European Members of the Indian Civil Service. The balances have been reconciled with the accounts of individual depositors maintained in Account Offices. A statement of account of each subscriber was sent to him.

Defence Services Officers' Provident Fund**Cr Rs 19,55,547**

34 This fund has been in existence from 1st April, 1931. It is open to British and Indian Officers holding substantive King's Commissions in the Indian Army, including Indian Medical Service and in the Royal Indian Navy. The balance at credit of this fund has been reconciled with the accounts of individual depositors maintained in the office of the Controller of Military Accounts and Pensions, Lahore. The annual deposit accounts have been sent to the subscribers of the Fund.

Cr**Indian Ordnance Department Provident Fund****Rs. 55,38,269****Military Engineering Services Provident Fund****Rs. 26,998**

35 These funds were formerly included under "Other Miscellaneous Provident Funds" and have been shown under separate heads from the accounts for 1934-35. They are intended for non-pensionable Government servants of the Indian Ordnance Department and the Military Engineering Services. The balances under these heads have been duly verified with those shown in the broad sheets maintained in Military Accounts Offices. A statement of the account of each subscriber was sent to him.

Contributory Provident Funds**Cr. Rs. 43,85,094**

36 These funds which are administered by the Government of India were started for the benefit of certain non-pensionable Government servants under their control. The balances have been reported to have been verified, and discrepancy of Rs 4,821 was noticed in the accounts of Central Revenues, out of which Rs 214 have since been adjusted and the balance is under settlement. A statement of the account of each subscriber was sent to him.

Other Miscellaneous Provident Funds**Cr. Rs. 31,67,252**

37 This head records mainly the transactions of Provident Funds intended for non-pensionable Government servants of the Public Works Department, Indian Stores Department, Indian Ordnance Factories, the Military Farm, Okara, etc., who are allowed to subscribe to special provident funds usually with bonus terms attached. The balances at credit of the funds, including accumulated bonus, have been reconciled with the details of subscribers' accounts maintained in the Account Offices, and the latter have been communicated to the subscribers.

Other
Accounts.

Other Accounts

..Cr. Rs. 8,18,47,755

38 The *Other Accounts* are the accounts of certain provident associations (mostly under private management) whose funds Government have consented to receive and hold at certain specified rates of interest. The Staff Benefit Fund and Cemetery Endowment Fund are also brought to account under this head. The detail of these accounts is as follows

<i>Bombay</i>		Rs
Bombay Family Pension Fund of Government Servants (Life Assurance Branch)	.	30,375
<i>Bengal</i>		
General Family Pension Fund	.	12,340
Hindu Family Annuity Fund	.. ..	40,149
Bengal Christian Family Pension Fund		7,177
<i>Posts and Telegraphs</i>		
Postal Insurance and Life Annuity Fund	.	8,00,68,393
<i>Railways</i>		
Staff Benefit Fund	.	9,48,175
<i>General</i>		
Cemetery Endowment Fund		7,41,146
Total		8,18,17,755

39 The balance of the *Bombay Family Pension Fund of Government Servants (Life Assurance Branch)*, is (re)constituted of subscriptions of such members of that fund who become widowers and has been accepted by the Trustees of the fund. The balances under the *General Family Pension Fund* and *Bengal Christian Family Pension Fund* have been reconciled with the amounts claimed by the Administrators of the Funds and in the case of the *Hindu Family Annuity Fund*, there is a difference of Rs 272 which is under settlement.

Postal Insurance and Life Annuity Fund . Cr. Rs. 8,00,68,393

40 This is a Life Insurance Fund managed by Government for the benefit of its employees, in which insurance is permitted up to a maximum of Rs 20,000 for each life insured. It includes interest for the year at $3\frac{1}{2}$ per cent. The number of subscribers on the 31st March, 1938, was 95,896 against 94,608 on the same date in 1937. The balance of the fund has been agreed with the detailed accounts maintained by the Postal Audit Offices.

Staff Benefit Fund, Railways

Cr. Rs. 9,48,175

41 This Fund was instituted on 1st April, 1931, to provide certain amenities and afford relief of distress to non-gazetted employees of Railways, the cost of which was hitherto met from the Railway Fine Funds.

The income of the fund is derived from fines levied on the employees, supplemented by a contribution from Railway Revenues. The balances of the Railway Fine Funds were transferred to this fund on 1st April, 1931. The balance on 31st March 1938, includes Rs 1,66,633 transferred from State Railway Deposits on the Bengal and North Western Railway and has been agreed with the general books of the Railways concerned, except in the case of the North Western Railway where there was a difference of Rs 52. The difference has been set right in the accounts for 1938-39.

Cemetery Endowment Fund

Cr. Rs. 7,41,146

42 The balance under this head represents the amount of fees received up to 31st March, 1938, for the endowment of monuments in Government Cemeteries. The correctness of the balance has been verified.

SECTION P.- Deposits and Advances.

India	Dr	Rs
	Cr	57,64,70,243
England	Dr	£
	Cr	13,669,814
		7,948,450

43 This Section consists of five main parts, namely

	India		England	
	Dr Rs	Cr Rs	Dr £	Cr. £
(1) Depreciation Reserve and other Reserve Funds		43,68,78,041	7,499,930	7,500,000
(2) Deposits		7,27,90,037		
(3) Advances	1,49,71,851		4,703	
(4) Suspense	56,13,94,725	27,99,545	6,165,181	
(5) Miscellaneous	1,03,667			448,450
Total	57,64,70,243	51,24,67,623	13,669,814	7,948,450

Depreciation Reserve and Other Reserve Funds.

44 These are funds created out of revenue and held in the Government balances on behalf of various departments. The details are as follows :-

Part I. Bearing Interest

	India		England	
	Dr Rs	Cr Rs	Dr £	Cr £
Reserve Fund—Railways		47,86,114		.
Reserve Fund Investment Account—Railways		47,85,335		.
Depreciation Reserve Fund—Railways	.	19,21,08,748	..	..

	India		England	
	Dr Rs	Cr Rs	Dr £	Cr. £
Renewals Reserve Fund— Posts and Telegraphs		2,91,13,472		
Depreciation Reserve Fund—Northern India Salt Revenue Department		26,14,117		
Depreciation Reserve Fund—Lighthouses and Lightships		10,23,396		
Additions and Replace- ments Reserve Fund—Lighthouses and Lightships		6,75,054		
General Reserve Fund— Lighthouses and Lightships		22,93,178		

Part II. Not bearing interest.

	India		England	
	Dr Rs	Cr Rs	Dr £	Cr. £
Depreciation Reserve Fund—Government Presses		12 21,362		
Renewals Reserve Funds— Defence Services		17,29,505		
Defence Reserve Fund		50,33,052		
Equalisation Funds— Defence Services		1,43,98,233		
Central Road Fund		2,30,72,075		
Appropriation for Reduction or Avoid- ance of Debt—Sink- ing Fund for Central Loans		13,04,89,146		
Post Office Cash Certi- ficates Bonus Fund		95,278		
Fund for Economic Development and Improvement of Rural Areas		1,17,29,168		
Fund for the Develop- ment of Civil Aviation		38,31,511		
Fund for the Develop- ment of Broadcast- ing		24,34,910		
Fund for Special Fron- tier Expenditure in- cluding Development		7,62,291		
Sugar Excise Fund		5,78,915		
General Police Fund		93,149		
Revenue Reserve Fund		1,05,79,712		
Silver Redemption Reserve				7,500,000
Silver Redemption Reserve Investment Account			7,499,930	
Total		43,68,78,041	7,499,930	7,500,000

		Rs.
Reserve Fund Railways	Cr.	47,86,114
Reserve Fund Investment Account Railways	Dr.	47,85,335
Depreciation Reserve Fund Railways	Cr.	19,21,08,748

45 The balance at credit of the *Railway Reserve Fund* consists of Rs 779 in cash and Rs 47,85,335 invested in Branch Line Companies and agrees with the general books of the Controller of Railway Accounts

Depreciation
Reserve, etc.,
Funds,
bearing
interest.

With the separation of railway finances from general finances, general revenues receive an annual contribution from Railways, which is calculated in the manner indicated in Account No 22-A of the Combined Finance and Revenue Accounts, and any surplus remaining after making this payment is transferred to the Reserve Fund In 1931-32, 1932-33, 1933-34, 1934-35 and 1935-36 there was no surplus and consequently the payment of contribution to general revenues had to be postponed In 1936-37 also the payment of contribution to general revenues had to be postponed as the surplus was utilised to repay the loans from the Depreciation Reserve Fund During 1937-38 a contribution of Rs 2 75,65,273 was paid to general revenues

Amounts may be withdrawn from the Reserve to secure the payment of the annual contribution to general revenues, to provide, if necessary, for arrears of depreciation and for writing down and writing off capital and to strengthen the financial position of Railways in order that the services rendered to the public may be improved and rates and fares may be reduced The Reserve may also be used for temporary borrowings for the purpose of meeting expenditure for which there is no provision or insufficient provision in the revenue budget estimate, subject to the obligation to make repayment of such borrowings out of the revenue budgets of subsequent years In 1924-25 an amount of Rs 38,28,797 was withdrawn from the Fund to write down the difference between the book value and current market price of stores, and in 1929-30 a sum of Rs 2,08,21,706 was withdrawn from the Reserve to pay contribution to general revenues Similarly, the Reserve was drawn upon in 1930-31 to provide for the payment of contribution to general revenues (Rs 5,73,57,332) and to the extent of Rs 5,18,77,828 to meet the loss on the working of Railways In 1931-32 a further sum of Rs 4,95,06,000 was drawn to meet the loss on the working of the Railways

The balance of Rs 47,85,335 against the head *Reserve Fund Investment Account* represents the total of the amounts invested in 1925-26 (Rs 46,80,335) and in 1937-38 (Rs 1,05,000) in shares of Branch Line Companies of the aggregate face value of Rs 50,78,700 The total face value of the investments at the end of 1936-37 was Rs 50,61,200 But during the year 1937-38 certain investments were sold and others purchased The sum of Rs 1,05,000 is therefore the net result of the transactions made during the year Also a redistribution of the securities held by the Railway Department out of the Reserve and the Depreciation Reserve Fund was made during the year as a result of which there

Depreciation Reserve, etc., Funds bearing interest. was a change in the face value of the securities held from the Depreciation Reserve Fund, the sum of Rs 50,78,700 represents the face value of the re-allotted investments from the Reserve Fund Investment Account at the end of 1937-38. From the year 1926-27 to the year 1936-37 there was no fresh investment of the fund.

The *Railway Depreciation Reserve Fund* was started on 1st April 1924 to provide for the cost of renewing units of all wasting assets with the exception of formation, fencing and ballast. In the case of State-managed Railways, the Reserve used to be credited annually with an amount equivalent to the total expenditure to the end of the previous year on all the units of each class of wasting assets divided by the number of years assumed as the normal life of that class of asset, but no credit was given on account of any unit after the period assumed for its normal life had expired. It has been decided, in order to simplify calculation, that with effect from the year 1935-36 the amount to be set aside annually to cover depreciation shall be one-sixtieth of the total capital at charge at the end of the previous year, this fraction being the nearest simple fraction calculated to give results approximately equal to the results of the complicated procedure hitherto followed. The Reserve used to be debited with the original cost of the units replaced, abandoned or disposed of. Any difference between the original cost and the replacement cost was debited or credited to capital as the case might be. Similar Reserves have been established for Company-managed Lines also though the procedure followed in these cases has been somewhat different.

The scope of the Depreciation Reserve Fund has been modified from time to time and with effect from 1937-38 the following debits and credits are permitted —

- (i) The cost of the replacement of an asset by a like asset or the original cost of the asset, whichever is greater, is charged to the Fund. Renewals of certain assets costing individually Rs 2,000 and less and of certain other classes of assets, irrespective of cost are however not charged to the Fund,
- (ii) Credits realised from the disposal of an asset costing originally more than Rs 2,000 and credits for materials released from a work replaced at the cost of the Fund are taken in reduction of the expenditure from the Fund after deducting incidental charges,
- (iii) When an asset (other than land) is abandoned or disposed of without being replaced, the original cost of the same is debited to the Fund, provided it is above Rs 2,000.

The balance of the Fund was utilised temporarily to meet losses in working the Railways, the amounts withdrawn on this account during 1931-32, 1932-33, 1933-34, 1934-35 and 1935-36 being Rs. 4,24,99,683, Rs 10,22,93,151, Rs 7,96,33,325, Rs 506,25,426 and Rs 3,99,39,883 respectively. A part of these loans (Rs 1,20,58,909) was repaid to the

Fund from the surplus for the year 1936-37 The net amount of these losses at the end of 1937-38 was Rs 30,29,32,559

Depreciation
Reserve, etc.,
Funds, bear-
ing interest.

Out of the balance of the Fund, advances have also been sanctioned to Branch Line Companies to meet capital expenditure, and the amounts of such advances issued during the year 1933-34 was Rs 9,00,000 In addition, the investments made in branch line shares from capital programme in earlier years have been treated as investment of the Depreciation Fund At the end of 1937-38 the total amount of these investments was Rs 31,20,910 beside the amount of Rs 22,730 spent during that year on the purchase of certain stocks of the South Bihar Railway Also, a sum of Rs 32,26,416 representing the cost of abandoned assets, which was held in the books of the Controller of Railway Accounts under capital, has been charged to the Fund in 1937-38

The balance of revenue expenditure debited against ' Depreciation Reserve Fund ' in respect of Hardinge Bridge Protection Works and Earthquake damages which is still to be repaid amounted to Rs 63,04,631 at the end of 1937-38, distributed as under

	Rs
Eastern Bengal Railway	58,71,417
East Indian Railway	4,33,214
Total	63,04,631

It was intended that when Railways earned surpluses in future, after meeting all charges including interest, they should repay first the withdrawals from the Depreciation Reserve Fund, the contribution to General Revenues being allowed to fall into arrears Interest on withdrawals from the Commercial portion of the Depreciation Reserve Fund to meet the losses on strategic lines, which Railways had been bearing, though under the convention they should be borne by General Revenues, was to be deducted from the amount of arrears of contribution for the payment of which Railways remained liable and which in addition to the withdrawals from the Depreciation Reserve Fund had to be paid before appropriation could again be made to the Railway Reserve Fund It has, however, been decided that Railway revenue should not be liable before the 1st April 1940 or before the fixing under Section 187 (1) of the Government of India Act, 1935, of the sum therein referred to, whichever is earlier, to repay to the Depreciation Reserve Fund maintained for Indian State-owned Railways, the balance outstanding on the 1st April 1937, of loans taken from the Fund to meet Railway deficits or to pay to General Revenues any contributions due in respect of the period beginning on the 1st April 1931 and ending on the 31st March 1937

The balance at credit of the Fund has been agreed with the general books of Railways The balance includes excess credits to the extent of Rs 34½ lakhs approximately in respect of depreciation accounts of Company-managed Railways which, for the reasons accepted by the Auditor General, have been allowed to stand under this head

Renewals Reserve Fund Posts and Tele- graphs

.. Cr. Rs. 2,91,13,472

Depreciation
Reserve, etc.,
Funds, bear-
ing interest

46 A Depreciation Reserve Fund was instituted from 1925-26, when the accounts of the Department were placed on a commercial basis, in order to provide for the renewal and replacement of wasting assets of each of the branches of the Posts and Telegraphs Department. The Depreciation Accounts of the Department underwent radical modification in some respects with effect from 1933-34. As a result of the investigation made in 1931, the effective lives of the assets were in most cases enhanced, and this necessitated the alteration of the depreciated value of the assets existing on the 1st April 1925 as borne on the Block Account of the Department. Contribution to the Depreciation Reserve Fund was with effect from the 1st April 1933 calculated on the straight-line method instead of on the Sinking Fund method adopted from 1925-26. In view of the large and increasing accumulations in the Fund, the contributions for the year 1934-35 was limited to the amount required for replacement expenditure as incurred during the year and the contribution during 1935-36 was reduced by Rs 10 lakhs, pending enquiry into the causes of the disparity between the annual contribution from revenue to the Depreciation Reserve Fund and the amount actually spent on the reconstruction of assets. The Reserve bore the whole cost of renewals and replacements except the portion representing the excess cost of replacement over the original cost, which was charged as fresh capital outlay. As the Capital Account of the Department was retained at its written down value, the arrangement described above by which the whole of the cost of renewals and replacements, except in so far as the cost of renewals exceeded the original cost, was met from the Depreciation Reserve, practically amounted to the Reserve being utilised not only for the replacement of assets but also for amortisation of debt or rather for avoidance of further debt. The investigation of the causes of the disparity between the annual contribution from revenue to the Depreciation Reserve Fund and the amount actually withdrawn from it for the reconstruction of assets led to the decision that in place of a Depreciation Reserve Fund maintained on the basis of the assumed lives of wasting assets (which are practically impossible to determine), a Renewals Reserve should be constituted with effect from the 1st April 1936 by transferring to it the balance in the Depreciation Reserve Fund.

The new Reserve is designed to meet the cost of all replacements and abandoned assets and the annual contribution to that Reserve from revenue was for the first five years fixed at Rs 25 lakhs per annum. The amount of annual contribution has, however, been reduced to Rs 23,13,000 per annum from the 1st April 1937 and to Rs 23 05,000 per annum from the 1st April 1939, owing to the separation of Burma and Aden from India. The amount of contribution relating to each branch of the Department has been arrived at by apportionment of the total amounts mentioned above, in the proportion of the Capital at charge of each branch. At the end of five years from the 1st April 1936, the

position will be reviewed in the light of the experience gained and the contribution revised, if necessary

The position of the Reserve in respect of each of the branches of the Department at the close of 1937-38 is shown below

Depreciation,
Reserve, etc.,
Funds, bear-
ing interest.

	Rs
Post Office	12,91,356
Telegraphs	2,17,05,161
Radio Telegraphs	2,48,250
Telephone	58,68,705

The balances have been verified

**Depreciation Reserve Fund Northern India
Salt Revenue Department**

Cr. Rs. 26,14,117

47 The Depreciation Reserve Fund of the Northern India Salt Revenue Department was instituted in 1924-25. The annual contributions to this Reserve has been calculated on the "Diminishing Balance" method, that is, the depreciation has been adjusted each year by writing off a fixed percentage calculated on the depreciated value of the assets as at the commencement of the year. The credit balance of the Reserve has been accepted by the Commissioner, Northern India Salt Revenue Department (now Central Excises and Salt, Northern India). The debits and credits to the Fund were for amounts authorised by the rules of the Fund and there were no diversions from the Fund except that, owing to the institution from 1938-39 of a Renewals Reserve Fund in the Northern India Salt Revenue Department in place of the Depreciation Reserve Fund, a sum of Rs 3,45,381 representing certain expenditure under Capital which was treated as Deferred Revenue Expenditure was debited to the Depreciation Reserve Fund during 1937-38.

Depreciation Reserve Fund	Cr. Rs.
Lighthouses and Lightships	10,23,396

Additions and Replacement Reserve	
Fund—Lighthouses and	
Lightships	6,75,954

General Reserve Fund—Lighthouses	
and Lightships	22,93,178

48 These Reserve Funds were instituted as a result of the introduction of a commercial system of accounts in the Lighthouses and Lightships Department. The *Depreciation Reserve* is intended to provide for renewals and replacements of wasting assets, while the *Additions and Replacements Reserve* was created to make up the difference between the present day value of the fixed assets and the cost of replacements at the end of their lives, although the balance of the Reserve had in practice been utilised in meeting fresh capital outlay. The latter fund has been

Depreciation Reserve, etc, Funds, bearing interest abolished with effect from 1st April 1938 and the balance outstanding in the fund on that date merged in the General Reserve Fund.

The *General Reserve Fund* is built up by transferring from the Income and Expenditure account of the Department the surplus of the receipts over the expenditure of each year. It is charged with the amounts of deficiencies, if any, in the Income and Expenditure account. These Reserves have been deposited with Government and interest is allowed thereon at the prescribed rate.

The balances of these reserves have been verified with those in the subsidiary registers maintained by the Accountant General, Central Revenues and accepted by the Government of India in the Department of Commerce.

Depreciation Reserve Fund—Government Presses

Cr. Rs. 12,21,362

Depreciation Reserve, etc, Funds, not bearing interest. 49 A Depreciation Reserve was created for each of the Government of India Presses on the introduction of a revised system of Press Accounts from 1925-26. This reserve is credited with depreciation calculated on the depreciated value of the plant, machinery and furniture in use in the Presses, as also with the residual book value of plant, machinery and furniture disposed of during the year. Appropriations from the Reserve are made to meet the cost of replacement of plant, machinery, etc. The balance which appears on the books of the Central Revenues, has been duly verified with the separate registers maintained for the purpose and acknowledged as correct by the Press authorities. The credits and debits under the head during the year under report were for amounts correctly adjustable under the head except in the case of the Government of India Press at New Delhi and Calcutta where certain amounts are under settlement. The fund was not utilised for any purpose other than that for which it was created.

Renewals Reserve Funds—Defence Services Cr. Rs 17,29,565

50 The details of this account are as follows

Military Commands and Districts	Ordnance and Clothing Factories	Dairy Farms	Grass Farms	Medical Store Depots and Workshops	Total
	Rs	Rs	Rs	Rs	Rs
Northern Command		56,360	99,954		1,56,314
Lahore District			13,071	443	13,514
Western Command			80,583		80,583
Southern Command		2,66,994	41,606	47,627	3,56,227
Eastern Command			12,644		12,644
Army Factory Accounts	11,10,283				11,10,283
Total	11,10,283	3,23,354	2,47,858	48,070	17,29,565

51. These reserves have been established with the approval of the Secretary of State with the object of setting aside a certain sum annually to cover the wastage of capital, assets such as plant, buildings and live and dead stock, in use in the quasi-commercial undertakings of the Army, and so to maintain their efficiency. The reserves are maintained by crediting to their accounts (a) certain percentages of the value of the capital assets and (b) the unexhausted book value of items borne on the capital account, which may be condemned and scrapped. They are drawn upon to meet expenditure.

Depreciation Reserve, etc., Funds, not bearing interest

(a) on renewals and replacements of machinery, plant, buildings, etc., rendered necessary by ordinary wastage,

(b) on replacements or adaptations due to obsolescence of plant or products,

(c) when the balance of the reserve permits, on adaptations or improvements to the plant and buildings to maintain and increase their efficiency. This would not include extensive additions and expansions which must be met from funds allotted separately.

The balances at credit of the reserves on 31st March 1938, except those relating to the Dairy Farms and Grass Farms on the books of the Controller of Military Accounts, Northern Command, have been reconciled with the accounts of the undertakings concerned and certain petty discrepancies noticed in the accounts of the Controller of Military Accounts, Southern Command, have been adjusted in the accounts for 1938-39.

Having regard to the nature of the charges that are debitable to the Funds, their nomenclature, which was formerly "Depreciation Reserve Funds", has, with effect from 1937-38, been changed to "Renewals Reserve Funds".

Defence Reserve Fund

Cr Rs 80,33,052

52 One feature of the stabilised military budget was the creation of the "Defence Reserve Fund" to enable the Defence authorities to carry forward any saving in the Budget of any year which may be drawn upon for Defence Services expenditure in future years. Although the stabilised budget for Defence Services is no longer in existence, authority was given to continue the Defence Reserve Fund for the purpose for which it was originally intended.

Defence Reserve Fund.

The net excess in 1937-38 over the net appropriation of Rs 47 2182 crores allotted for the year including the allotment for the expansion of the Territorial Forces but exclusive of the appropriation for expenditure on the Defence Department and the Military Finance Branch of the Government of India Secretariat amounted to Rs 1,54,76,249 and this sum has been transferred from the Major Head "Defence Reserve Fund" under Section "P Deposits and Advances" by credit to the Major Head "60 Transfers from Defence Reserve Fund", and

Defence Reserve Fund.

a further sum of Rs 1,11,34,514 was transferred from this fund on 1st April 1937 to the Equalisation Fund as explained in paragraph 53

The sum allotted for the expansion of the Territorial Forces from 1928-29 to 1935-36 aggregated Rs 70 lakhs. The transfers made to the Defence Reserve Fund during this period included also the unexpended portion of these allotments which amounted to Rs 22,89,825. As this procedure was not permitted by the arrangements governing the stabilised system of Defence Budget, a sum of Rs 13,80,831 on account of savings on these allotments was surrendered to General Revenues in 1931-32. Of the balance, a sum of Rs 26,000 was utilized to meet the expenditure on account of the visit of the Royal Indian Navy Vessels to the Australian Centenary Celebrations in 1934. The balance of 8,82,994 was treated, with the sanction of the Government of India, as a final credit to the Defence Reserve Fund.

Equalisation Fund Defence Services**Cr. Rs. 1,43,98,233**

53 It was decided in course of the year that the balances of the Equalisation Funds should be transferred to a separate major head under Section "P Deposits and Advances" and the balances on 1st April 1937 were accordingly withdrawn from the Defence Reserve Fund and credited to the new head opened for the purpose.

The balance is made up of the amounts in the Equalisation Funds for the following

	Rs.
(i) For the replacement of touring motor vehicles of General Officers Commanding-in-Chief, Commands	33,550
(ii) Mechanical Transport Vehicles	67,59,886
(iii) Royal Air Force Re-equipment	56,80,170
(iv) Royal Indian Navy Expansion	19,24,627
Total	1,43,98, 233

A narrative account of the various Equalisation Funds is given below

General Officers Commanding-in-Chief Cars Equalisation Fund—This fund was started in 1932-33. The General Officers Commanding-in-Chief, Commands, are given the option of setting aside a portion of their tour grant allotment towards the replacement of their motor cars. When a General Officer Commanding-in-Chief requires additional funds for purchasing a new car, the amount required is withdrawn from the fund and credited to his tour grant to meet the expenditure on the replacement of the car.

Mechanical Transport Equalisation Fund As a measure of re-equipment of the Defence Services, Army transport was mechanised on a large scale during the years 1928-29 to 1932-33 involving heavy expenditure on the purchase of vehicles during these years. As a result

of this mechanisation, the expenditure on the purchase of vehicles was likely to be comparatively small for some years, followed by a series of years in which expenditure on replacements would be comparatively high. In order to prevent violent fluctuations in the budgetary demands, it was decided to institute an equalisation fund for the replacement of vehicles, and an annual contribution based on the cost and lives of vehicles and with reference to the general budgetary position of the year is provided in the Defence estimates, the unexpended balance being credited to the Equalisation Fund. Excess expenditure, if any, over the annual contribution provided, is met by withdrawing funds from the Equalisation Fund.

Royal Air Force Re-equipment Equalisation Fund The fund is intended for financing the re-equipment of Squadrons with modern types of aircraft. With a view to avoiding heavy expenditure at irregular intervals, it was decided to make an annual contribution based on the total estimated cost of the re-equipment spread over a number of years. The fund was started in 1933-34.

Royal Indian Navy Expansion Equalisation Fund The fund was originally started in 1933-34 for the purpose of replacing time-expired vessels of the Royal Indian Navy. Since then the fund has been extended to finance the Royal Indian Navy Expansion Scheme. The contribution to the fund is based on the total cost of the programme spread over a number of years and the general budgetary position from year to year.

Central Road Fund . . . Cr. Rs. 2,30,72,075

54 The Major Head Road Development Fund (since changed to Central Road Fund), has been introduced from the accounts for 1928-29 for the adjustment of the additional revenue derived from the enhanced duties on motor spirit as a result of the recommendation of the Indian Road Development Committee. From the money accumulating under this head grants have been made to Provincial Governments and others for expenditure on any of the following objects, namely

- (i) on the construction of new roads and bridges of any sort,
- (ii) on the reconstruction or substantial improvement of existing roads and bridges,
- (iii) on the interest and amortisation of loans taken after the 21st April 1934 and spent on the construction, reconstruction or substantial improvement of roads and bridges,
- (iv) in special cases, on the maintenance of roads and bridges, constructed, reconstructed or substantially improved from the Road Account since 1930,
- (v) in special cases, on the maintenance of roads or bridges constructed, reconstructed or substantially improved from loan funds after the 21st April 1934.

**Central
Road Fund**

This deposit head has also been debited with the cost of administering the Central Road Fund and the expenditure upon such schemes for research and intelligence and upon such special grants-in-aid as the Governor General in Council has approved, these charges being met out of the proportion constituting the reserve at the disposal of the Central Government. The amount at credit of this head on the 31st March 1938 represents the undisbursed balance of the Central Road Fund held in deposit. The balance agrees with that in the separate register maintained by the Accountant General, Central Revenues, and has been accepted as correct by the Government of India in the Department of Communications.

Sinking Funds for Central Loans**Cr. Rs. 13,04,89,146****Sinking
Funds for
Central Loans.**

55. The credit balance under this head represents the amount available in the Funds created to provide against depreciation of the market price of the 5 per cent Loans, 1945-55 and 1939-44. The money accumulating in these funds is applied towards purchasing the Securities of these loans and, in certain circumstances of other loans in the open market when their market price falls below their issue price and thus are achieved at once the two objects of stabilising the market and reducing Government liabilities at a comparatively low cost to Government. The total balances in these funds including interest in investments amounted to Rs. 13,04,89,146, and the whole of this sum remained uninvested at the end of 1937-38. The balance has been accepted by the Government of India in the Finance Department.

The Regular Sinking Funds now in operation in England for amortisation of Sterling Debt are the Railway Sinking Funds created at different dates for the redemption of the India Stock (and a small portion of the Rupee Debt) issued in part payment of the liabilities assumed by Government on the purchase of the Capital of some of the old guaranteed Railway Companies. The total amount of debt undergoing redemption by these Sinking Funds is £13,175,511, of which £10,474,301 has been redeemed to end of 1937-38. As the annual payments in respect of these Sinking Funds are utilised in the purchase and cancellation of debt, the balances of the Funds do not constitute a part of the balanced account of the Secretary of State.

As regards the liability in respect of the balance of £22,716,000 British War Loan taken over by India as part of its contribution to the War, the plan was adopted, as from 1923-24, of setting apart £1,428,000 each year to cover interest and Sinking Fund charges with the object of extinguishing the liability by 1946-47, the latest date for the repayment of the loan. Equated payments of this amount were made each year, until 1928-29 inclusive, but owing to remittance difficulties and other considerations, interest only was paid in 1929-30 and 1930-31. In 1931-32 the half-yearly instalment of interest due on 1st June 1931 was paid as usual, but the British Treasury having expressed their willingness that further payments in respect of this liability should be provi-

sionally suspended, no further payment on this account was made. The net liability on the above account was further reduced by £1,254,075 in consequence of separation of Burma

Sinking Fund
for Central
Loans

Post Office Cash Certificates Bonus Fund Cr. Rs 95,278

56 This Fund has been constituted from 1930-31 to provide for the accruing liability in respect of bonus on Post Office Cash Certificates, which under the system of accounting now in force, is not shown under Section "O Unfunded Debt" (see paragraph 26) The estimated accrued liability on account of bonus on Cash Certificates remaining undischarged on the 31st March 1938 amounted roughly to Rs 5,08,34,675

Post Office
Cash Certifi-
cates Bonus
Fund

The Fund is built up by providing a sufficient sum in the revenue budget of each year to provide for the liability The amount of bonus actually paid during the year is debited to the head "22 Interest on Debt and other obligations Bonus on Post Office Cash Certificates" The excess of the amount provided in the budget over the amount actually paid during the year is transferred to this Fund When it is necessary to draw on the Fund owing to insufficiency of provision in the budget the amount is transferred from the Fund to the revenue account and taken in reduction of charges under the head "22 Interest on Debt and other obligations Bonus on Post Office Cash Certificates"

The balance represents the net accumulations in the Fund at the end of the year 1937-38 A sum of Rs 3,49,00,000 was provided in the Budget and a sum of Rs 4,30,99,000 was provided in the Revised Estimates for the payment of bonus on Cash Certificates, but the total amount actually paid during the year was Rs 5,46,23 883 The excess over the estimate has been transferred from the Fund and the balance at its credit to the end of 1936-37, *viz*, Rs 1,16,20,161 has been reduced to Rs 95,278 only

The balance has been verified with the separate register maintained by the Accountant General, Posts and Telegraphs

Rs.

(1) Fund for the Economic Development and Improvement of Rural Areas	Cr. 1,17,29,168
(2) Fund for the Development of Civil Aviation	Cr. 38,31,511
(3) Fund for the Development of Broadcasting	Cr 24,34,910
(4) Fund for special Frontier Expenditure including Development	Cr. 7,62,291

57 Out of the revenue surplus which accrued to the Central Government at the close of the year 1934-35, the Funds described above were created with the sanction of the Secretary of State, in order to finance certain measures of public utility The amount at credit of the *Fund for the Economic Development and Improvement of Rural Areas* is intended

Other Funds.

Other Funds for distribution to the Provinces and centrally administered areas to be spent on schemes for the amelioration of the condition of the cultivators and rural classes. The balance has been agreed with that in the separate register maintained by the Accountant General, Central Revenues and accepted by the Government of India in the Finance Department.

The *Fund for the Development of Civil Aviation* is intended for the development and organisation of air routes in India. The *Fund for the development of Broadcasting* was created to set aside a reserve for constructing a large transmitting station in Delhi and ultimately a similar new station at Madras and also for improving and extending the existing stations at Calcutta and Bombay. The balances of these two funds have been verified with those in the separate registers maintained by the Accountant General, Central Revenues and have been accepted by the Government of India in the Department of Communications after allowing for certain discrepancies in the latter fund which have been settled in 1938-39.

The *Fund for Special Frontier Expenditure including Development* is intended for the construction of roads in tribal areas in the North West Frontier Province and for various schemes of economic development in those areas. The balance agrees with that of the Broadsheet and has been accepted by the Government of India in the Finance Department.

Sugar Excise Fund

Cr. Rs. 5,78,945

58 An amount equivalent to one anna of Excise duty per hundred-weight of sugar is set aside for distribution among the Sugar Manufacturing Provinces for the purpose of assisting the cultivators of sugarcane in securing fair prices for their canes. The exact amount available for distribution depends on the revenue actually realised from Excise duty on sugar, and grants from the Fund are made for schemes approved by the Government of India.

The amounts allotted to the provinces as well as to the centrally administered areas are debited to the head "40—Agriculture Payments from Sugar Excise Duty to Sugar-manufacturing Provinces" and at the end of the year the unutilised balance of the amount provided under the head is transferred to the Fund which has been opened from 1937-38, so that it may be available for expenditure in subsequent years. Out of the total provision of Rs. 10,00,000 made under the above-mentioned head in 1937-38, a sum of Rs. 4,21,055 was distributed to various provinces during the year, leaving a balance of Rs. 5,78,945 which was credited to the Fund.

The balance agrees with that in the separate register maintained by the Accountant General, Central Revenues and has been accepted by the Government of India in the Department of Education, Health and Lands.

General Police Fund**Cr. Rs. 93,149****Other Funds**

59 This head records the transactions on account of additional police imposed under Sections 13 to 15 of the Indian Police Act of 1861. The balance represents the amount at credit of the Fund after adjustment of receipts and payments in accordance with the provisions of the Act. Except in Baluchistan where the acceptance is awaited, the balances have been acknowledged as correct by the Inspectors General of Police and other responsible officers, who act as Administrators of the Fund. They have been verified with the separate registers maintained for the purpose except for a petty difference on the books of Central Revenues which has since been settled.

Revenue Reserve Fund

..

Cr. Rs. 1,05,79,712

60 To provide for assisting the finances of the year 1937-38, the first year of Provincial Autonomy, a portion of the realised revenue surplus of the Central Government for 1935-36 was transferred to this deposit head. During the year under report a sum of Rs 78,29,314 was withdrawn from the Fund to meet the revenue deficit of the year, leaving a balance of Rs 1,05,79,712 in the Fund. The balance has been accepted by the Government of India in the Finance Department.

Silver Redemption Reserve**Cr. £7,500,000****Silver Redemption Reserve Investment Account****Dr. £7,499,930**

61 The Silver Redemption Reserve has been created with effect from 1st April 1935. The primary object of this Reserve is to provide sterling assets for transfer to the Issue Department of the Reserve Bank of India against delivery by the Bank of rupee coin, in accordance with the proviso to Section 36 (1) of the Reserve Bank of India Act. Except for small amount of cash held in the cash balance of the Secretary of State, the entire balance of the Reserve is invested in Sterling Securities. The Reserve including the invested portion is in the custody of the Secretary of State.

Silver Redemption Reserve, England.

The intention is to maintain this Reserve at a market value of Rs 10 crores. It may be increased by receipts from any of the following sources, namely,

- (a) proceeds of sales of silver from the Surplus Silver Stock,
- (b) payments from the Bank under Section 36 (2) of the Act,
- (c) Profits from any casual sales of gold by the Bank accruing to Government as part of its share of the profits of the Bank, and
- (d) Capital appreciation of the Securities

Silver Re-
demption
Reserve,
England

The Reserve is liable to diminution from two causes, namely,

- (i) transfer of assets to the Bank under the proviso to Section 36 (1) of the Act to meet sterling liabilities in respect of return of coin, and
- (ii) capital depreciation of securities

Receipts from the first three sources are regarded as available for replenishment of the Reserve only to the extent of any deficiency caused by previous payments to the Bank, any excess in the Corpus of the Reserve over Rs 10 crores being credited to the head "Purchases and Sales of Silver". As a matter of accounting machinery and in order to avoid the record of silver sales under two different heads, all such sales are recorded in the first place under the head "Purchases and Sales of Silver" any amount appropriated to the Silver Redemption Reserve being credited to the Reserve. Capital depreciation constitutes the first charge on the interest realised from the Securities held in the Reserve, and only the net amount of interest in any year, after making good any depreciation suffered during that year, is creditable to Revenue. If in any year there is a net appreciation in investments belonging to the Reserve, the amount of such appreciation together with all the interest receipts of that year is creditable to revenue.

The balance on 31st March 1938 was made up as follows

	Nominal amount	Market value
	£	
British Government 5% Conversion Loan, 1944-61	1,000,000	
Do 4½% do 1940-44	1,048,550	
Do 2½% Funding Loan 1952-57	379,100	
Do 2½% National Defence Bonds, 1944		
48	5,018,800	
	7,446,450	£7,499,930
Uninvested		70
		£7,500,000

The securities are lodged at the Bank of England by whom the amounts of the holdings have been verified

Deposits :

India	..	..	..	Cr. Rs. 7,27,90,037
England	..	..	..	.. Cr. £

62 This account is sub-divided into the following heads

	India	Dr Rs	Cr Rs
Deposits of Local Funds	.		55,47,983
Deposits of Branch Line Companies	..		1,42,184
Departmental and Judicial Deposits—			
Civil Deposits			1,91,55,249
Other Deposits	4,69,99,547
Other Accounts	.	.	9,45,074
Total	.	..	7,27,90,037

Deposits of Local Funds

Deposits of Local Funds

Gr. Rs. 55,47,983

63 The details by Provinces of the head DEPOSITS OF LOCAL FUNDS are as follows.

Funds	(1) Central Revenues	(2) Baluch- istan	(3) Madras	(4) Bombay	(5) Bengal	(6) United Provin- ces	(7) Punjab	(8) Bihar	(9) Central Provin- ces and Berar	(10) North West Frontier Province	(11) Assam	(12) Sind	(13) Coorg	(14) Total
District Fund	Rs 57,359													Rs
Municipal Fund	83,348	47,610												Rs 92,540
Cantonment Fund	1,17,990		58,576	1,54,492	17,752	90,300	59,760		42,563	68,845				Rs 1,80,910
Town & Bazar Funds	9,341	2,50,356								55,063	13,765			Rs 6,10,278
Port and Marine Funds			18,00,805		89,082							683		Rs 3,28,525
Depreciation Reserve Fund, Vizagapatam Port			51,709											Rs 18,90,570
Education Funds	333						264							Rs 51,709
Medical and Charitable Funds	24,568							73,764						Rs 597
Other Miscellaneous Funds	17,49,828			5,33,806										Rs 98,332
												10,988		Rs 22,94,622
Total	20,42,767	2,97,966	19,11,090	6,88,298	1,06,834	90,300	60,024	73,764	42,563	1,23,908	13,765	683	96,021	Rs 55,47,983

Deposits of Local Funds 64 These are mostly cash balances in the current accounts of local funds and other local authorities which are permitted to use the Government treasuries as their banks. Each fund has an administrator, either a public officer or a committee, and the verification consists firstly, in reconciling the figures as between the broadsheets which are posted from the treasury *plus* and *minus* memoranda and the ledger, and secondly in ascertaining how far the administrator accepts the balance standing at his credit on the Government books.

The necessary verification has been effected in respect of both the stages in all provinces except that certificates of acceptance have not been received in respect of balances of a Municipal Fund and a Dispensary Fund on the books of Central Revenues and under 'Port and Marine Funds' in Bengal and in the case of a District Fund in Coorg. The balance under "Education Funds" in the Punjab is due to an erroneous adjustment which has been rectified in the accounts for 1938-39.

Deposits of Branch Line Companies

Cr. Rs. 1,42,184

Deposits of Branch Line Companies.

65 The balance under this head is made up of balances at credit of certain Branch Line Railway Companies in respect of their capital transactions with Government. The balances at credit of the various Branch Line Companies detailed below have been certified to have been agreed with those in the Companies' books except in respect of branch lines worked by the Bengal Nagpur, South Indian and North Western Railways where the certificates accepting the balances are awaited.

Railways	Cr Rs
Ahmedabad Parantij	2,758
Baripada Talband	4,499
Central Provinces and Pulgaon Arvi	2,196
Chaparmukh Silghat	217
Cooch Behar	10,686
Dhond Baramati	1,165
Guzerat	996
Hardwar Dehra	10,671
Jammu Kashmir	4,032
Khoolna Bagerhat	25,957
Mandra Bhon	14,169
Pachora Jamner	13,765
Rajpura Bhatinda	12,808
Silakot Narowal	1,172
South Indian	23,551
Tapti Valley	13,542
Total	1,42,184

Civil
Deposits

Civil Deposits

66 The transactions brought to account under this head relate mainly
by or on behalf of members
The following are the details—

Funds	Central Revenues	Indian Stores De partment	Baluchi stan	Madras	Bombay	Bengal	United Provinces
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Revenue Deposits	4,00,747	10,014	63,807	48,550	1,81,737	10,57,035	9,050
Civil and Criminal Courts De posits	1,44,262		88,658	59,670			871
Personal Deposits	1,88,819		2,75,717	5,79,861	45,72,191	63,37,480	1,01,231
Political Agents Deposits							
Shipping Master's Deposits					1,912	260	
Public Works Deposits	14,11,241		31,059	5,115	2,390	12,748	
Forest Deposits					11,200		
Indian Stores Department De posits		10,37,726					
Trust Interest Funds	91,444			10,678			
Deposits of the Tea Cess Fund				72,838	2,536	93,734	
Deposits of the Lac Cess Fund					31	34,042	
Deposits of the Cotton Cess Fund				1,075	29,799	985	
Deposits of Coffee Cess Fund				18,365	824	20	
Deposits on account of Police Fund	6,147		58,508				
Indian Research Fund	1,19,528						
Unclaimed Provident Fund Deposits	45,234		—9,525	136	777	6,237	
Deposits on account of railway freight for Kharaghoda Salt					2,391		
Deposits of fees received by Government servants for work done for private bodies	22,490	100	771	453	4,825	10,478	100
Deposits on account of moneys received on account of the King Emperor's Anti Tuberculosis Fund	2,003				1,968	9,804	
Miscellaneous Deposits	1,100		4,214	28			
Total	25,23,015	10,47,840	5,13,200	7,99,749	48,12,491	75,60,633	1,11,261

Cr. Rs. 1,91,55,249

to sums deposited with Government in the daily course of public business Civil Deposits of the Public

of the *Civil Deposits*

Punjab	Bihar	Central Provinces and Berar	North West Frontier Province	Assam	Orissa	Sind	Coorg	Total
Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
16,635	4,220	550	19,733	63,824		15,485	44,611	20,26,007
							7,477	3,00,938
94,589	1,158	5,555	4,58,761	4,77,562	4,545	5,17,738	4,200	1,36,17,407
			5,699					5,699
						150		2,322
1,075		34					6,404	14,69,857
								11,200
								10,37,726
429		-					699	1,03,230
						31		1,69,139
								34,073
						12,572		44,441
								19,209
								64,655
								1,19,528
			118					42,977
								2,301
	20	150			2			39,389
20,677		3,944	1,413					39,809
								5,342
1,33,405	5,398	10,233	4,85,724	5,41,386	4,547	5,45,976	63,391	1,91,55,249

**Civil
Deposits**

67 Revenue, Civil and Criminal Courts' deposits are not kept distinct in the North-West Frontier Province, where the whole of the Civil Work (Revenue, Judicial and Criminal) is in charge of the same Deputy Commissioner. A similar arrangement is also in vogue in some of the districts in the Punjab.

There are two entirely different systems of deposit accounts. The first may be called the detailed plan, in which every receipt is treated as a separate item and every payment charged against some particular receipt. The second is the ledger plan, that is, a running account is kept of receipts and payments on some particular account (an estate, an institution, etc.). To every Ledger Account there is an "Administrator", the person authorized to pay money into the treasury or draw it out. Deposits kept on the latter plan are termed Personal Deposits.

The verification of the balance on the first plan is as follows. The receipts and payments, which are recorded in detail in deposit registers, are posted monthly by totals into a proof sheet which provides columns for recording the repayments of deposits credited in the same year and in each of the three preceding years. At the end of the year balances are struck upon the proof sheet separately for the different districts for each of the four years. The balance of the first year is usually written off the deposit account, as all balances unclaimed for more than three complete account years are ordinarily credited to Government. The aggregate balance on the proof sheet is then agreed with the balance on the general books of the class of deposits concerned and finally reconciled with the *plus* and *minus* memoranda received from treasuries or, where necessary, with the accounts received from Civil and Criminal Courts. The verification of the ledger form of deposit account consists mainly in agreeing the balance with that claimed by the Administrator.

Revenue Deposits**Cr. Rs. 20,26,007**

68 The ledger balances have been verified with the proof sheet and treasury registers in accordance with the procedure set out in the preceding paragraph, except that differences of Rs. 250 and Rs. 2,756 have been noticed in Central Revenues and Madras respectively, the former of which has since been settled and the latter is under adjustment in the accounts for 1938-39.

The balance of Rs. 10,014 in the Indian Stores Department represents sums deposited by traders for the purchase of salt but awaiting either refund or acceptance of the indents by the Salt Revenue Officers.

Civil and Criminal Courts' Deposits**Cr. Rs. 3,00,938**

69 The ledger balances have been proved in accordance with the prescribed rules.

Personal Deposits**. Cr. Rs. 1,36,17,407**

70 The ledger balances have been reconciled with the treasury accounts and proofsheets except those on the books of Central Revenues,

Madras, Punjab, North West Frontier Province and Sind The differences, except that in Sind which is under correspondence have since been settled in the accounts for 1938-39

Civil Deposits

The balances have been accepted by the Administrators of the personal deposit accounts concerned except in 15 cases in Bombay, 2 cases in the United Provinces, 2 cases in the Central Provinces and 3 cases in Sind

Political Agent's Deposits

Cr. Rs. 5,699

71 This deposit head is intended for the record of receipts coming into the hands of the Political Agents and Deputy Commissioners in the North West Frontier Province administering tribal areas for disbursement to tribes which prior to the abolition of irregular funds were kept out of Government accounts A difference of Rs 1,070 with the treasury account has been noticed and is under settlement The balance certificate is awaited from the officer concerned.

Shipping Master's Deposits

Cr. Rs. 2,322

72 The ledger balance has been verified in accordance with the prescribed rules

Public Works Deposits

Cr. Rs. 14,69,857

73 The ledger balances under this head have been duly verified with the aggregate balances shown in the accounts of Public Works Disbursing Officers There was a difference of Rs 704 with the broad-sheet balance in Baluchistan which has been settled in 1938-39

Forest Deposits

Cr. Rs. 11,200

74 The balance represents the amounts held in deposit by the Forest Officers in the Dang area in Bombay The balance has been proved in accordance with the prescribed rules

Indian Stores Department Deposits

Cr. Rs. 10,37,726

75 The balance represents the amount deposited in advance by *quasi-public* bodies and Indian States, etc, for purchase of stores through the Indian Stores Department as well as the amounts deposited by Contractors for the due performance of their contract The balance has been duly proved with the separate registers maintained in the Audit Office

Trust Interest Fund

Cr. Rs. 1,03,230

76 The balance under this head represents mainly the amount of the interest payment orders issued in connection with the payment of interest on Government Securities held in trust remaining unpaid on 31st March 1938 The balances have been reconciled with the total of the unpaid payment orders on the 31st March 1938

The balance in Central Revenues includes Rs 83,800 on account of discharged Capital of Government securities held in trust, while that in Madras consists of (1) Rs 13,970 being the amount recovered from

**Civil
Deposits**

payments made to political pensioners and balances at credit of the fund for payment to their heirs on their attaining majority and (ii) *Minus* Rs 3,312 being the balances of charitable endowments. The balances have been verified by the Accountants General and a difference of Rs 2,618 noticed in Madras under (ii) and Rs 88 in the accounts of Central Revenues have been adjusted in 1938-39. Certificates of acceptance of balances from two administrators in Coorg and one in Madras are awaited.

Deposits of the Tea Cess Fund	Cr. Rs. 1,69,139
Deposits of the Lac Cess Fund	Cr. Rs. 34,073
Deposits of the Cotton Cess Fund	Cr. Rs. 44,441
Deposits of Coffee Cess Fund	Cr. Rs. 19,209

77 The balances under these heads have been reconciled with those on the separate registers maintained in Civil Accounts Offices.

Deposits on Account of Police Funds	Cr. Rs. 64,655
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78 "Police Funds" which were formerly accounted for under "Local Funds" are now included under this head, as, these funds do not conform to the definition of 'Local Funds' because they are not administered by a body. The balances have been verified and acceptances by the administrators concerned have been received in all cases except in respect of the balance on the books of Central Revenues for which acceptance certificates are awaited.

Indian Research Fund	Cr. Rs. 119,528
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79 This head is intended to record transactions in connection with the enquiry into epidemic diseases conducted from the Funds at the disposal of the Indian Research Fund Association. The balance which was outstanding in the books of Central Revenues has been verified with the separate register maintained for the purpose except for a difference of Rs 841 which has since been settled. Acceptance certificate has been received.

Unclaimed Provident Fund Deposits	Cr. Rs. 42,977
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80 The balances represent the amounts in the General Provident Fund, the Indian Civil Service Provident Fund, the Contributory Provident Fund and other Miscellaneous Provident Funds remaining unclaimed for a period exceeding six months and transferred to "Deposits" at the end of each year. The balances have been verified with the separate registers maintained for the purpose. The debit balance of Rs 9,525 in Baluchistan is under settlement.

Deposit Account of Railway Freight for Kharaghoda Salt	Cr. Rs. 2,301
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81 Money received from contractors in respect of removal of salt from Kharaghoda is credited to this head and the debits raised by

Railway on account of freight charges are met from these credits **Civil Deposits.**
The ledger balance has been duly proved

**Deposits of fees received by Government
servants for work done for private bodies Cr Rs. 39,389**

82 The deposit head was opened in the accounts for 1934-35 The balances have been verified with those in the broadsheets maintained by Accounts Officers There were differences of Rs 42 and Rs 2 on the books of Central Revenues and Orissa respectively, the former of which is under settlement and the latter has been adjusted in the accounts for 1938-39

**Deposits on account of moneys received on
account of the King Emperor's Anti-
Tuberculosis Fund Cr. Rs. 39,809**

83 This deposit head was opened in the accounts for 1937-38 in order to accommodate receipts at treasuries on account of the King-Emperor's Anti-Tuberculosis Fund pending remittance by issue of Remittance Transfer Receipts The balances have been verified with those of the broadsheets maintained by Accounts Officers except for a difference of Rs 371 in the Punjab which has since been settled

Miscellaneous Deposits Cr. Rs. 5,342

84 The credit balance is mainly composed of deposits of deceased officers and men of the Indian Army and the revenue collected on behalf of His Highness the Khan of Kalat The balances have agreed with the separate registers maintained in audit offices except in the case of Central Revenues where a minor difference exists. Acceptance certificates have been duly received where necessary.

Other Deposits Not bearing interest . Cr. Rs. 4,69,99,547

85. The details of the deposits on the books of the non-Civil Account **Other Deposits.**
Officers are as follows

		Rs
Posts and Telegraphs		2,57,50,960
Defence	{ Northern Command	6,20,274
	{ Military Accounts and Pensions, Lahore	1,73,160
	{ Western Command	1,83,298
	{ Southern Command	6,82,489
	{ Eastern Command	4,20,298
	{ Royal Air Force	40,440
	{ Army Factory Accounts	14,979
	{ Naval Accounts	7,764
Railways	{ State Railways, Capital	17,68,231
	{ State Railways, Revenue	1,73,37,654
Total		4,69,99,547

Other
Deposits
Posts and
Telegraphs.86 The details of the **Posts and Telegraphs Deposits** are

	Rs
Dead Savings Bank Accounts .	Cr 2,53,64,749
Unclaimed General Provident Fund Deposits	62,163
Trust Interest Account	114
Foreign Money Orders	1,59,051
Other items	7,82,985
Total	2,57,50,960

87 Savings Bank Accounts in which no transactions have taken place for a specified period are transferred to a separate ledger called *Dead Savings Bank Ledger*. The amount outstanding in this ledger does not lapse to Government, but is retransferred to the current Saving Bank Ledger when the account is revived on the application of the depositor. The balance has been verified with the separate registers maintained in the Postal Audit Offices.

88 The balance under the head *Unclaimed General Provident Fund Deposits* has been verified with the separate registers maintained in the Postal Audit Offices and a difference of Rs 61 has been adjusted in the accounts for 1938-39.

89 The balance under *Trust Interest Account* represents the interest on Government Securities held on behalf of Posts and Telegraphs employees and Contractors remaining unpaid at the close of the year under report. It has been verified with the balance worked out in the separate registers maintained in the Postal Audit Offices.

90 The debit balance under *Foreign Money Orders* represents net transactions on account of money orders exchanged with foreign countries. The balance against each country has been verified with the Foreign Money Order accounts maintained in the Money Order Branches of the Postal Audit Offices. The entire balance has been adjusted in the accounts for 1938-39.

91 The balance under *Other Items* is composed of

	Rs
Fixed Deposits	4,55,026
Trunk Call Deposits	24,986
Indian Postal Orders	74,684
Miscellaneous	2,28,289
Total	7,82,985

The balance under *Fixed Deposits* includes deposits made by the Firms, Presses and other bodies and individuals for telegrams sent on the Deposit Account System. Under this system a deposit of an amount approximately equivalent to the cost of telegrams for a specified period is made by the parties concerned, and the telegrams sent daily are accepted by the Telegraph Offices without prepayment. The actual cost of the telegrams sent during a period is recovered by the department by

presentation of bills Under this head are also included deposits made by holders of Post Boxes for locks and keys supplied to them, and these deposits are paid back to them when the service ceases The balances have been verified

Other
Deposits
Posts and
Telegraphs.

Telephone subscribers who are not Government officials used to be required to make a deposit to enable them to make calls over the Trunk Telephone lines from their telephones This system has, however, been held in suspense as an experimental measure from the 1st October 1936 and the deposits held at the time are being adjusted against Trunk Call bills The balance under *Trunk Call Deposits* represented balance of these deposits at the end of the year 1937-38 It has been verified with the balances in the subsidiary registers and a discrepancy of Rs 339 noticed in this respect is under reconciliation

The balance under *Indian Postal Orders* represents the amount of Indian Postal Orders issued to the public but not paid to the end of 1937-38 The balance has been verified with those in subsidiary registers and a small difference of Rs 24 is under reconciliation

The balance under the head *Miscellaneous* is made up of a number of miscellaneous accounts such as excess credits in the cash accounts, balance of British Postal Stamps held in stock, short payment or recoveries of wrong payment of money orders, customs duty on Foreign Mail parcels, etc The balances have been reconciled with those in the subsidiary registers maintained in the Postal Audit Offices, with the exception of a few items aggregating Rs 1,500, a portion of which has since been settled

92 The particulars of the **Other Deposits** **Defence** are detailed below

Other
Deposits
Defence.

Military Commands and Districts	Defence Deposits					Total
	Security Deposits	Military Engineer Services Deposits	Stores Purchase Accounts	Unclaimed Provident Fund Deposits	Miscella- neous	
	Rs	Rs	Rs	Rs	Rs	Rs
Northern Command	1,13,838	91,833	36,743		3,77,860	6,20,274
Military Accounts and Pensions, Lahore	28,864	22,009	4,409	10,610	1,07,268	1,73,160
Western Command	50,086	43,545	4,468		85,199	1,83,298
Southern Command	68,605	73,239	963		5,39,682	6,82,489
Eastern Command	89,481	98,170	3,740	26	2,28,881	4,20,298
Royal Air Force					40,440	40,440
Army Factory Accounts	12,901			1,336	742	14,979
Naval Accounts	7,360			2	402	7,764
Total	3,71,135	3,28,796	50,323	11,974	13,80,474	21,42,702

93 The balance under the head *Security Deposits* represents mainly the security deposits received in cash from contractors and others by the

**Other
Deposits—
Defence**

officers of the Defence Department The Military Account Officers have reported agreement of the balances of Security deposits with those exhibited in the list of outstanding security deposits on the 31st March 1938 or with the Registers of Security Deposits maintained in their offices.

94 The balance under the head *Military Engineer Services Deposits* is made up of (i) sums due to contractors on closed accounts, (ii) deposits from private bodies or individuals for works to be done and (iii) other miscellaneous deposits in the Military Engineer Services

95 The credits under the head *Stores Purchase Accounts* represent chiefly the liabilities in respect of stores purchased in India and England but not paid for to end of the year

96 The balances under *Unclaimed Provident Fund Deposits* represent the amounts credited to the General Provident Fund and other Miscellaneous Provident Funds but remaining unclaimed for a period exceeding six months and transferred to the head "Other Deposits" at the end of each year

97 The balances under *Miscellaneous* are made up of (i) miscellaneous remittances to Home and Overseas authorities, which are placed under this head pending adjustment on receipt of debits in the Inward London Account Current, (ii) amounts on account of sale of coupons by Dairy Farms and (iii) other miscellaneous items held in deposit pending final adjustment

**Other
Deposits—
Railways**

98 The details of **Railway Deposits** are as follows, and these agree with the total shown in the Central Ledger and have been verified by the Railway Accounts Officers

	Not bearing interest		
	State Railways Capital Rs	State Railways Revenue Rs	Total. Rs.
1 Security Deposits of subordinates	497	11,74,937	11,75,434
2 Security deposits of contractors and others	3,37,821	27,63,015	31,00,836
3 Deposits for work for private persons and public bodies	37,888	14,06,285	14,44,173
4 Unpaid wages	3,161	3,35,867	3,39,028
5 Sums due to contractors on closed accounts	43,121	1,01,600	1,44,721
6 Net earnings on worked lines .. .		68,18,156	68,18,156
7 Private Companies		3,09,836	3,09,836
8 Miscellaneous	13,45,743	44,27,899	57,73,642
9 Trust Interest Fund		59	59
Total	17,68,231	1,73,37,654	1,91,05,885

The balance under *Trust Interest Fund* represents interest received on the Government Promissory notes of contractors, which was not paid to them before the close of the year under report The balance has been cleared in the accounts for 1938-39.

Other Accounts **Cr. Rs 9,45,074**

99 The details of the balances in the various deposit accounts under **Other Accounts** this head are as follows

	Central Reve- nues	Balu chistan	Bombay	Punjab	North West Frontier Pro vince	Coorg	Total
	Rs	Rs	Rs	Rs	Rs	Rs	Rs.
Subventions from Central Road Fund	3,87,407	25,059			15,245		4,27,711
Deposit Account of grants for Economic Development and Improvement of Rural Areas	20,334			9,611			29,945
Deposit Account of the grants made by the Imperial Council of Agricultural Research	7,983	3,800	14				11,797
Deposit Account of grants from Sugar Excise Duty	1,195						1,195
Deposit Account of the Dangs			3,32,026				3,32,026
Balance of Coorg						1,42,400	1,42,400
Total	4,16,919	28,859	3,32,040	9,611	15,245	1,42,400	9,45,074

Subventions from Central Road Fund **Cr. Rs. 4,27,711**

100 This head is credited with subventions made from the Central Road Fund to Minor Administrations under the Central Government and in the tribal areas in the North West Frontier Province for expenditure on approved schemes of road development and other objects mentioned in paragraph 54 and is debited with expenditure met from these grants. The balances under this head represent the amounts out of the allotments from the Central Road Fund not spent on road development schemes, etc., to end of the year. The balances have been duly verified. In the North West Frontier Province no part of the Fund was applied towards expenditure during the year under report and consequently nothing was debited to the Fund during the year.

**Deposit Account of Grants for Economic
Development and Improvement of Rural
Areas** **Cr. Rs. 29,945**

101 The above head is credited with grants from the Fund for the Economic Development and Improvement of Rural Areas, to centrally administered areas to be spent on schemes for the amelioration of the conditions of the cultivators and rural areas. The balance under this head represents the amount out of the grant from the Fund not spent to the end

**Other
Accounts.**

of the year The balances have been verified with those in the separate registers maintained in the Account Offices and have been accepted by the administrators concerned as correct

Deposit Account of the grant made by the
Imperial Council of Agricultural Re-
search

Cr Rs 11,797

102 This represents the balance of grants received from the Imperial Council of Agricultural Research for expenditure on schemes of agricultural research and other allied objects The balances have been verified with those in the separate registers maintained in Account Offices

Deposit Account of Grants from Sugar Ex-
cise Duty

Cr. Rs. 1,195

103 The balance represents the unspent amount of the grants from the Sugar Excise Fund and has been verified with the separate register maintained by the Accountant General, Central Revenues The balance has been accepted by the Agricultural Marketing Adviser

Deposit Account of the Dangs

Cr. Rs. 3,32,026

104 The receipts and payments connected with the administration by the Crown Representative of the Dangs area in Surat District in Bombay are accounted for under this head in the books of the Accountant General, Bombay The balance has been verified

Balance of Coorg

Cr Rs. 1,42,400

105 The outstanding balance under this head represents the balance of the Government of Coorg in deposit with the Central Government on the 31st March 1938 A certificate of acceptance of the balance has not been obtained from the Coorg Administration, as no separate accounts from which the balances could be verified are maintained departmentally

Advances—

India

{ Dr Rs 1,49,71,851
Cr.

England

{ Dr £4,703
Cr

106 The classes of transactions included under this group are the Advances following

		India Rs	England. £
Advances Repayable	Dr	16,20,059	1,636
Permanent Advances (Civil, Posts and Telegraphs and Railways)	Dr	2,67,681	
Accounts with His Majesty's Imperial Government	Dr		3,067
Accounts with Foreign Governments and Indian States	Dr	9,44,594	
Accounts with the Government of Burma	Dr	16,41,038	
Accounts with the Burma Railway Board	Cr	5,597	
Accounts with the Reserve Bank	Dr	4,71,394	
Comage Accounts	Dr	1,00,32,682	
	Total	Dr 1,49,71,851	4,703

107. Advances Repayable in India may be sub-divided into two parts :

	Rs
Civil Department Advances	4,99,850
Other or Non-Civil Advances	11,20,209
Total	16,20,059

Advances Repayable—
Civil Department.

108. The following are the details of the Civil Department Advances in India :—

	Central Reve- nues	Indian Stores Depart- ment	Bala- chistan	Madras	Bombay	Bengal	United Pro- vinces,	Punjab	Bihar	Central Pro- vinces and Berar	North West Frontier Pro- vince	Assam	Orissa	Sind	Coorg	Total
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Objection Book Advances	72,136	9,023	4,147	11,689	9,244	34,018	2,952	17,467	26,028	1,512	7,673	11,382	447	6,731	1	2,14,450
Advances for rest camps											650					650
Special Advances		82,963	105								61,000					1,44,068
Forest Advances	5,708		—69												885	6,304
Advances for Sur- vey Operations																
Customs Advances				19,490		64,735										64,735
Opium, Salt and Excise Advances						25,295										44,785
Miscellaneous Ad- vances	7,207			58	46	11,439	249	5,839					20			307
																24,551
Total	85,051	91,986	4,183	31,283	9,244	1,35,487	3,201	23,306	26,028	1,512	69,323	11,382	467	6,731	886	4,99,850

109 The *Civil Advances* include (i) various special accounts of large advances or of recurring outlay which are recoverable from different sources and (ii) a number of petty miscellaneous advances arising in the course of business and recoverable within a short time. The former are usually watched by separate accounts working up to the ledger, the latter are recorded in detail, and recoveries watched, in the "Objection Books", but only pass as a single account upon the ledger. In the latter case, the ledger balance has to be agreed with the aggregate of the details upon the "Objection Books", and in the former, similar reconciliation is necessary in those cases in which different classes of transactions are included in the same account.

The balances now outstanding under this head comprise balances of payments made to officers of the Central Government only. Under the financial arrangement in force up to 31st March 1937, advances to the personnel under the control of the Provincial Governments were made from the resources from the Central Government. The expenditure was treated as votable expenditure of the Central Government and entered into their Appropriation Accounts. Under the new constitution, such advances are treated as Central or Provincial according as the recipient of the loan is an officer of the Central or of a Provincial Government. The balances of payments made to officers of Provincial Governments outstanding on the 31st March 1937 have therefore been decentralised as from the closing of the accounts for 1936-37 by certain amendments of the Devolution Rules.

Objection Book Advances

Dr. Rs. 2,14,450

110 The ledger balances against this head are agreed with those shown in the broadsheets maintained in the Civil Account Offices and, therefore, with the aggregate of the items recorded as outstanding in the Objection Books. As in previous years, there were discrepancies between ledger balances on 31st March 1938 and those on the broadsheets in many of the provinces. The discrepancies have been reconciled in all cases excepting those on the books of Central Revenues and Sind. A sum of Rs. 234 was written off during the year in the books of Sind representing the balance of an advance granted to a clerk on transfer to Sind from Bombay. The write-off was sanctioned in consequence of his death.

Advances for Rest Camps

Dr. Rs. 650

111 Advances for rest camps are made by Civil Officers in connection with the marching of troops. The balance, which is held in the accounts of the North-West Frontier Province, has been agreed with the broadsheets but its acceptance and the certificate of existence of adequate security are awaited.

Special Advances

Dr. Rs. 1,44,068

112 Under this head are recorded advances granted to Government officers and others under special orders of Government. The ledger

Advances Repayable—Civil Departments balances have been certified to have been agreed with broadsheets or other subsidiary accounts maintained in Civil Accounts offices. The outstanding balance of Rs 105 was fully recovered in 1938-39, certificates of acceptance have been received in other cases

Forest Advances **Dr. Rs. 6,304**

113 The outstanding balances under this head have been verified with the separate registers maintained by Civil Account Offices, except for the credit balance of Rs 69 in Baluchistan which has been settled in the accounts for 1938-39. Acceptances of balances have been received where necessary

Advances for Survey Operations **Dr. Rs. 64,735**

114 The balance under this head represents the amounts of outstanding advances for Survey Expenditure, which are recoverable from private owners and other parties. The balance has been verified by the Accountant General, Bengal, and acceptances have been received in all cases. The entire amount of outstanding balance has been adjusted in the accounts for 1938-39

Customs Advances **Dr. Rs. 44,785**

115 The balances under this head represent payments by the Customs Department for under-valued goods taken over under Section 32 of the Sea Customs Act. The balances agree with those of the broadsheets and the certificates of acceptance have been received. The entire balance in Bengal has been adjusted in the accounts for 1938-39. A sum of Rs. 106 was written off during the year as irrecoverable in the books of Madras.

Opium, Salt & Excise Advances **Dr. Rs. 307**

116 The balance on the United Provinces books, which relates to Opium, has been verified and accepted by the authorities concerned. The balance in Madras represents amounts recoverable on account of Salt Storage Works and agrees with the broadsheet balance. The certificate of acceptance has been received

Miscellaneous Advances . . . **Dr. Rs. 24,551**

117 The outstandings under this head represent the balance of various advances for departmental and other purposes

The outstandings are either verified with separate accounts maintained in Civil Account Offices or agreed with the detailed statements received from the officers holding such advances. The verification has been effected in all cases except in Bengal where there is a difference of Rs. 8 which has since been adjusted

118 The following are the details of the *Non-Civil Advances* (in **Non-Civil Advances.**
India)

		Rs
Posts and Telegraphs	Dr	3,83,876
Defence	Dr	7,36,333
Railways	Dr	
	Total	Dr 11,20,209

119 The **Posts and Telegraphs** balance of Rs 3,83,876 is com- **Advances**
posed of **Repayable**
Posts and
Telegraphs.

		Rs
(i) Objection Book Advance	..	2,32,453
(ii) Overpayment of Money Orders	.	29,685
(iii) Cash Certificate Overpayments		8,928
(iv) Customs Duty on Foreign Mail articles		1,08,496
(v) Excess debit or short credit of a Customs duty realisation		4,214
(vi) Miscellaneous		100
	Total	3,83,876

120 The ledger balances under these heads have been verified with those recorded in the separate accounts maintained in the Audit Offices. There was a difference of Rs 909 out of which a sum of Rs 471 has been adjusted in the accounts for 1938-39 and the remainder is under reconciliation.

Item (i) represents mainly the outstanding advances of pay and travelling allowances granted to officials at the time of their transfer. These are being recovered monthly. It also includes departmental losses which will either be recovered from the officials responsible for them or will have to be written off to Revenue.

During the year under review a sum of Rs 173 had to be written off as irrecoverable. The balance includes a sum of Rs 43,248 which was misappropriated by the Treasury Contractor of the Madras General Post Office in March 1938. There are definite indications that out of the amount a sum of Rs 27,000 would be recovered, a sum of about Rs 7,000 has already been written off during 1938-39 and the balance is under consideration.

Items (ii), (iii) and (v) relate to overpayments which will be adjusted either by recoveries from the public or from Departmental officials responsible for making overpayments or short credits or by write-off to Revenue.

Item (iv) relates to the amount of Customs duty levied on articles of Foreign Mails credited to the Civil Department in advance of recovery of the amount from the addressees of the articles. A sum of Rs 150 included in the balance has been found irrecoverable and hence written off during 1938-39.

Advances
Repayable—
Defence121 The balances under **Defence Advances** are as follows :

Military Commands and Districts	Permanent Advances	Advances Repayable.	Total.
	Rs	Rs.	Rs
Northern Command	13,865	5,50,979	5,64,844
Military Accounts and Pensions, Lahore	20,557	4,976	25,533
Western Command	11,525	2,337	13,862
Southern Command	17,035	86,861	1,03,896
Eastern Command	15,360	—3,991	41,369
Royal Air Force	1,885	800	2,685
Army Factory Accounts	9,805	3,952	13,757
Naval Accounts	500	—30,113	—29,613
Total	1,20,532	6,15,801	7,36,333

Permanent
Advances—
Defence

122 The outstandings under *Permanent Advances* have been verified with the details recorded in the Permanent Advance registers maintained in the Military Account Offices and proper acknowledgments admitting the correctness of the balances have been obtained from all the officers holding a permanent advance

Advances
Repayable
Defence

123 The balances under *Advances Repayable* on the Military books are made up of the following transactions —

Military Commands and Districts	Advances Proper	Divisional Transfers Navy Bills Receivable, etc	Advances from Military Treasure Chests	Total
	Rs	Rs	Rs	Rs
Northern Command	5,64,26		—13,286	5,50,979
Military Accounts and Pensions, Lahore	4,976			1,976
Western Command	2,337			2,337
Southern Command	92,187		—5,326	86,861
Eastern Command	4,865		—8,856	—3,991
Royal Air Force	800			800
Army Factory Accounts	3,952			3,952
Naval Accounts	—33,568	3,455		—30,113
Total	6,39,814	3,455	—27,468	6,15,801

124 The balances shown against different Military Accounts Officers are reported to have been agreed with the detailed accounts kept for them. Proper acknowledgments from the officers concerned have been obtained where necessary.

The balance shown against Northern Command includes Rs 4,01,500 outstanding on 31st March 1938 in respect of cost of ammunition issued to the Afghan Government and that against Southern Command includes Rs 64,728 representing the value of Ordnance stores issued on

payment by the Kirkee Arsenal to foreign Governments outstanding on 31st March 1938

**Advances
Repayable
Defence.**

The credit balance of Rs 33,568 shown against Naval Accounts is made up of Rs 34,911 (credits) and Rs 1,343 (debits). The credit of Rs 34,911 represents amount due to the Persian Gulf Lighting Service Fund on account of light dues on Admiralty Tankers due by the Admiralty for the period from 1st November 1936 to 31st October 1937. The debit of Rs 1,343 mainly represents amount due from the Persian Gulf Lighting Service Fund on account of supply of stores and pay and pensionary charges of the personnel in the Persian Gulf. Both the credits and debits have been adjusted in the accounts for 1938-39.

The credit balances under the head *Advances from Military Treasury Chests* representing the value of cheques drawn in 1937-38 remained uncashed on the 31st March 1938.

125 The balances in England under *Advances Repayable* were as follows

**Advances
Repayable—
England.**

High Commissioner for India

Dr. £1,636

The balance is made up of (i) £1 120 on account of purchase of a Rolls Royce Car, etc., for the Governor of Bombay, (ii) £280 for advances to Indian and Burma Civil Service Probationers to enable them to pay caution money at the Universities, (iii) £100 for advance to an Indian Civil Service Probationer on account of medical fees, (iv) £40 advanced towards the funeral expenses of an Indian pilot who died in France, (v) £36 advanced as passage money of two Indian students, (vi) £30 representing the balance of £60 advanced to an Indian officer on the High Commissioner's Establishment on account of his passage to India, (vii) £32 on account of miscellaneous advances made by the High Commissioner and (viii) a credit of £2 representing recoveries effected towards advances which are being adjusted in the accounts for 1938-39.

126 The following are the details of **Permanent Advances**

**Permanent
Advances**

Civil—	Rs
Central Revenues	91,165
Indian Stores Department	5,640
Baluchistan	21,395
Madras	10,138
Bombay ..	23,379
Bengal	36,315
United Provinces	3,675
Punjab	4,470
Bihar	1,605
Central Provinces and Berar	1,990
North West Frontier Province	39,246
Assam	7,295
Orissa	125
Sind	2,654
Coorg	3,120
Total Civil	2,52,212
Posts and Telegraphs	14,189
Railways	1,280
Total ..	2,67,681

**Permanent
Advances**

127 These advances are granted to officers of Government who have to meet contingent expenditure before they can place themselves in funds by drawing bills. All the Civil Accounts Offices have reported complete reconciliation of the balances held on their books with the aggregate of the advances recorded in the Permanent Advance Registers maintained by them. Minor differences were noticed in the books of Central Revenues, Madras, Bombay Assam and Sind. These have since been adjusted with the exception of a difference of Rs 80 on the books of Central Revenues and of Rs 50 each in Bombay and Sind which are under investigation. Proper acknowledgments admitting the corrections of the balances outstanding have been received from the officers holding them except in two cases in the North-West Frontier Province.

The Posts and Telegraphs balance consists of Rs 5,000 held by the Superintendent, Postal Seals, Aligarh, as working capital and Rs 9,189 held by the Postal and Telegraph officers as ordinary permanent advances for meeting petty contingent expenditure. The balance has been verified with the broadsheets maintained in the Audit Offices and acceptances have been received from all the officers concerned.

The Railway balance (Rs 1,280) represents permanent imprests with the Railway Board, Controller of Railway Accounts Director of Railway Audit, etc. The outstandings have been duly proved by the Controller of Railway Accounts and accepted by the parties concerned.

**Accounts with His Majesty's Imperial Gov-
ernment**

Dr £3,067

**Accounts
with His
Majesty's
Imperial Govt**

128 The details of the balance are as follows

	Dr £	Cr £
Secretary of State	2,257	1,129
High Commissioner	1,939	
Total	4,196	1,129
	Net Dr	£3,067

The credit of £1,129 in the Secretary of State's accounts represents the unexpended portion of an amount advanced by the Imperial Government for expenditure in connection with the Coronation. The excess receipt will be refunded in 1938-39. The debit of £2,257 is the balance on account of miscellaneous expenditure on behalf of the Imperial Government consisting chiefly of amounts paid in 1937-38 and expected to be recovered in 1938-39.

The debit balance of £1,939 in the High Commissioner's accounts is made up of (i) pensions totalling £1,606 issued to retired officers of the Government of India in respect of their services in various departments of the Imperial Government and (ii) freight charges totalling £333 on stores shipped to India on behalf of the Air Ministry and the War Office by the Store Department. Both the amounts will be recovered in 1938-39.

Accounts with Foreign Governments and Indian States are
 129 The details of the balance under Accounts with Foreign Governments and Indian States are
 as follows —
 States

[Credit + Debit—]

	Central Revenues	Indian Stores Department	Baluchistan	Madras	Bombay	Bengal	Punjab	Total
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Civil—								
1 His Majesty's Colonial Government, Ceylon	—1,48,013							—1,48,013
2 His Majesty's Colonial Government, Straits Settlements	—71,314							—71,314
3 His Majesty's Colonial Government, Mauritius	—80,457							—80,457
4 His Majesty's Colonial Government, Hongkong	—45,760							—45,760
5 His Majesty's Colonial Government, Aden					—1,56,884			—1,56,884
6 His Majesty's Protectorate Govern- ment, Federated Malay States	—3,01,940							—3,01,940
7 His Majesty's Protectorate Govern- ment, Kedah States	—9,032							—9,032
8 His Majesty's Protectorate Govern- ment, Perlis	—514							—514
9 His Majesty's Protectorate Govern- ment, Uganda	—561							—561
10 His Majesty's Protectorate Govern- ment, Somaliland	+255							+255

[illegible]

Accounts
with Foreign
Governments
and
Indian States

130 The outstandings relating to the Colonial and other Foreign Governments represent generally the balances due by or to those Governments, the accounts of which were not settled till after the close of the year. The balances have been agreed with those worked out in the separate registers maintained by the Accountants General, Central Revenues and Bombay, except for a small difference of Rs. 264 in respect of item 18 which will be settled when final orders of the Government of India are received. The bulk of the outstandings has been adjusted in the accounts for 1938-39.

Accounts
current with
Indian States,

131 The following are the details of the balances under *Accounts Current with Indian States*

	Dr. Rs.	Cr. Rs.
<i>Central Revenues</i>		
Charges recoverable from—		
Hyderabad	3,16,991	—
Bharatpur	—	2
Alwar	—	165
Kotah	37	—
Jhalawar	8	—
Mewar	350	—
Tonk	—	778
Bikaner	—	60
Gwahar	—	4
Indore	331	—
Bhopal	4,069	—
Allowances of Agency Surgeons in Central India recoverable from Indian States	2,900	—
Payments to Indian States for their shares of excise duty on matches		13,81,297
	3,24,686	13,82,307
	Net Cr	10,57,621

Accounts
current with
Indian States
—Civil

Indian Stores Department

Charges recoverable from Hyderabad	23,217	—
<i>Baluchistan</i>		
Kalat		21,820
		4,036
		25,856

					Dr Rs	Cr Rs	
<i>Madras</i>							
Charges recoverable from—							
Travancore	.	--	--	--		2,96,643	Accounts
Cochin	.	--	--	--	2,70,295	--	current with
Mysore	..	..	..	.	7,62,775	.	Indian States
							Civil.
					10,33,070	2,96,643	
					Net Dr	7,36,427	
<i>Bombay</i>							
Sawantwadi		..	.			42,288	
Kolhapur		.	.	.		60,577	
Jath		.	.	.		7,255	
Aundh			.			4,901	
						1,15,021	
<i>Bengal</i>							
Cooch Bihar	.				4,50,623		
<i>Punjab</i>							
Kashmir						4,56,911	
Bahawalpur						1,49,207	
Malerkotla						25,061	
Patiala					1,56,531		
Kapurthala						23,501	
Jind						33,726	
Faridkot					1,72,751		
Chamba						5,981	
Nabha					95,638		
Mandi						14,001	
Suket						3,742	
Bikaner					48,200		
Kalsia						3,319	
Sirmur						25,111	
Bilaspur						6,470	
Khairpur						14,616	
Poonch						150	
Nawab of Loharu						1,495	
Patodi						1,209	
Kaithal					100		
					4,73,220	7,64,500	
					Net Cr	2,91,280	

132 The balances due by or to the States have been communicated to them and formal acceptances have been received from all the States except two in Madras and two in Bombay and the two States in Baluchistan. The credit balances in Baluchistan represent the shares of Match excise duty payable to the States, the amounts were paid to them in 1938-39. The balance outstanding against Hyderabad in the books of the Audit Officer, Indian Stores Department, represents the value of stores purchased by the Indian Stores Department on behalf of the Nizam's State Railway. The outstandings have been fully or partly cleared in 1938-39.

Accounts
current with
Indian States
Civil.

The debit balance of Rs 4,50,623 against the Cooch Bihar State does not represent a balance on any claim outstanding against the State but the balance of Government money lying in the Cooch Bihar State treasury which, under special arrangements, makes payment and receives money on behalf of Government. The balance has been accepted by a competent officer of the State.

Accounts
with Foreign
Governments
and
Indian States
—Posts and
Telegraphs.

133 The Posts and Telegraphs balance is made up of (i) Rs 1,36,424 representing net payments by Post Offices on account of money orders exchanged with Indian States, (ii) Rs 2,84,224 as net payments made by Post Offices into Durbar treasuries and (iii) Rs 4,292 (Credit) on account of transfers of Savings Bank Accounts between Indian Post Office Savings Bank and the Postal Savings Banks of foreign countries. The balances have been duly verified. Acceptances have been received where necessary. The entire balance has been adjusted in the accounts for 1938-39 with the exception of Rs 1,000.

Accounts with the Government of Burma Dr. Rs. 16,41,038

Accounts with the Burma Railway Board Cr. Rs. 5,597

Accounts
with the
Government
of Burma and
the Burma
Railway
Board.

134 These heads have been opened with effect from the accounts for 1937-38 for the adjustment of financial transactions of Governments and Departments in India with Burma and the Burma Railway Board through the Reserve Bank of India, after the separation of Burma from India on 1st April 1937. The balances represent the outstanding amounts due from or to the Government of Burma and the Burma Railway Board for which the monetary settlement through the Bank could not be effected before the Bank's accounts for the year were closed. The balances have been verified with the separate registers maintained in Account Offices and have all been adjusted in the accounts for 1938-39.

Accounts with the Reserve Bank Dr. Rs 4,71,394

Accounts
with the
Reserve Bank

135 The details of the balance under *Accounts with the Reserve Bank* are as follows

						Rs.
Central Revenues					.	15,421
Baluchistan					.	5,982
Madras					.	6,664
Bombay					.	3,65,526
Bengal					.	1,538
Punjab	..	..	..	..	..	—2
North West Frontier Province					..	411
Assam	.	.	..	..	..	525
Coorg	.	..	..	..	..	1,646
Railway Revenue	..	..	..	..	Total	3,96,889
						74,505
					Total	4,71,394

The balances under this head have been verified with the subsidiary Accounts records maintained in the Accounts Offices. They have mostly been cleared in the accounts for 1938-39. The balance shown against Railway Bank would have been less but for a sum of Rs 9,452 recovered and credited to another head.

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Coinage
Accounts

136. The following are the details of the

	India	Baluchistan	Madras	Bombay	Bengal	United Provinces
	Rs	Rs	Rs	Rs	Rs	Rs
Bullion Advances				—4,15,263	—15,77,233	
Bronze (and Copper) Coinage Account	+6,61,740			—3,65,251	—7,26,430	
Nickel Coinage Account	+62,57,389			—6,70,506	—7,15,454	
Small Coin Depot Balances	—10,82,965	—1,68,800	—12,92,780	—35,30,225	—15,80,730	—14,60,649
Total ..	+58,36,164	—1,68,800	—12,92,780	49,81,245	45,99,847	—14,60,649

Coinage Accounts

[Credits +, Debits —]

Punjab	Bihar	Central Provinces and Benar	North-West Frontier Province	Assam	Orissa	Sind	Total.
Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
							—19,92,496
							1,29,941
							+48,71,429
—10,34,227	—6,45,625	—9,02,918	—83,400	—2,09,155	—31,400	1,58,800	—1,24,81,674
—10,34,227	—6,45,625	—9,02,918	—83,400	—2,09,155	—31,400	1,58,800	—1,00,32,682

Coinage
Accounts

137 The debit balances under *Bullion Advances* represent the value of bullion received in the Mints but not cleared by coin delivered. The balances agree with the accounts rendered by the Mint Masters, Calcutta and Bombay

138 The balance under *Bronze (and Copper) Coinage Account* represents the difference between the value of metal in store *plus* the amount of bronze coins in the Mints on the 31st March 1938 and the profit on coins in stock on that date in the Mints and Small Coin Depots which is not credited to revenue before actual issue of the coins. The details of these balances on the 31st March 1938 were as follows

	Calcutta Rs	Bombay. Rs
(1) <i>Bronze Mintage Account</i> , being the value of metal in store in the Mints on 31st March 1938	Dr 4,10,930	3,28,882
(1-A) <i>Bronze Coin Account</i> , being amount of bronze coins in the Mints on 31st March 1938	Dr 3,15,500	36,369
(2) <i>Mint Profit Account</i> , being the profit on coins in stock on the above date in the Mints and Small Coin Depots not yet brought to credit as revenue	Cr 6,61,740	
Net Dr	64,690	3,65,251

The balances on the *Bronze Mintage Account* agree with the balances of the Stock Accounts of the Mints on 31st March 1938 and the balances of the *Bronze Coin Account* have been agreed with the Mint Masters *plus* and *minus* memoranda of the same date. The credit balance of Rs. 6,61,740 shown against the *Mint Profit Account* represents the profit attributable to the balance of coins in Depots and Mints on 31st March 1938, which had not been brought to account as revenue by that date

139 The balance under *Nickel Coinage Account* represents the difference between the value of nickel and cupro-nickel in store *plus* the amount of nickel coins in the Mints on the 31st March 1938 and the profit on nickel coins in stock on that date in the Mints and Small Coin Depots which is not credited to revenue before actual issue of the coins. The details of these balances on the 31st March 1938 were as follows

	Calcutta Rs	Bombay. Rs
(1) <i>Nickel Mintage Account</i> , being value of nickel, cupro nickel and voleston in store on 31st March 1938	Dr 2,08,954	2,72,506
(1-A) <i>Nickel Coin Account</i> , being amount of nickel coins in the Mint on 31st March 1938	Dr 5,06,500	3,98 000
(2) <i>Mint Profit Account</i> , being the profit on coins in stock on 31st March 1938	Cr 62,57,389	
Net	Cr 55,41,935	Dr 6,70,506

The balances shown against the *Nickel Mintage Account* agree with the Mint Master's Nickel Store Account on 31st March 1938 and those of the *Nickel Coin Account* agree with the Mint Master's *plus* and *minus*

memoranda of the same date The credit of Rs 62,57,389 against the *Mint Profit Account* is the un-adjusted profit attributable to the balances of nickel coins in the Depots and Mints on 31st March 1938

Coinage
Accounts.

Small Coin Depot Balance

Dr. Rs. 1,24,81,674

140 This represents the non-legal tender coins kept in stock for delivery to treasuries as required Not being actual available cash, the balance is held at debit of this account instead of as part of the general cash balance

The details of the balance were

	Silver.	Nickel	Bronze and Copper	Total
	Rs.	Rs	Rs	Rs
Central Revenues Depots ..	5,93,250	4,01,430	88,285	10,82,965
Baluchistan Depots .	86,500	75,500	6,800	1,68,800
Madras Depots ..	7,10,500	5,41,300	40,980	12,92,780
Bombay Depots	14,63,100	19,37,050	1,30,075	35,30,225
Bengal Depots	10,02,625	5,45,280	32,825	15,80,730
United Provinces Depots	6,11,300	7,71,000	78,349	14,60,649
Punjab Depots	5,50,193	3,87,593	96,441	10,34,227
Bihar Depots	3,62,000	2,59,650	23,975	6,45,625
Central Provinces and Berar Depots	2,02,300	6,56,200	44,418	9,02,918
North-West Frontier Province Depots	52,000	30,250	1,150	83,400
Assam Depots	1,45,500	58,900	4,755	2,09,155
Orissa Depots	17,000	13,600	800	31,400
Sind Depots	2,61,900	1,63,800	33,100	4,58,800
Total	60,58,168	58,41,553	5,81,953	1,24,81,674

141 These balances have agreed with those shown in the Small Coin Depot accounts for March 1938 except that a difference of Rs 3,800 was noticed in the books of Central Revenues which is under settlement and in the Punjab there was a difference of Rs 15,000 from the balance shown in the books of the Currency Officer, Lahore, which has been since adjusted in the accounts for 1938-39 The balances of all Depots except that of Rampur were duly verified according to the prescribed rules Owing to the transfer of the Political charge of the Rampur State from the Collector of Moradabad to the Resident at Gwalior, no arrangement had been made for the verification of the balance of the Small Coin Depot at Rampur till 24th June, 1938 on which date the balance was verified and found correct

Suspense

India	Rs Dr 56,13,94,725 Cr 27,99,545 £
England .	Dr 6,165,181 Cr .

Suspense , 142. The classes of transactions included under this head are the following

		India		England	
		Dr	Cr	Dr.	Cr
		Rs	Rs	£	£
Suspense Accounts	.	9,96,99,048		6,165,181	.
Purchases and Sales of Silver		44,02,69,951	.		..
Cheques and Bills	..	..	27,99,545		..
Departmental and similar Accounts	.	2,14,25,726			.
Total	.	56,13,94,725	27,99,545	6,165,181	

Suspense
Accounts
India

143 The details of the balances under Suspense Accounts *

	Central Revenues	Indian Stores Deptt.	Madras	Bombay.	Bengal	United Provinces.
Civil	Rs	Rs.	Rs	Rs.	Rs.	Rs.
Objection Book Suspense	—6,782		+17,067	—4,75,532	+238	..
Cash Balance Investment Account.	—31,198					
Discount on Treasury Bills			.	10,594	—5,34,496	—132
Deposit of Khanpur State	+2,00,000					.
Discount Sinking Fund	—8,92,22,148		.			..
Bushire Suspense	—1,27,652				.	..
Central Accounts Office—						
Reserve Bank Suspense	+11,796					..
English Stores Suspense	—21,880					..
Security Purchase Account	+10,20,561			.	.	.
Other Suspense Accounts	+55,107	—44,524	+1,606	+2,440	—914	.
TOTAL—CIVIL	—8,81,22,196	44,524	+18,073	—5,13,677	—5,35,172	—132
Posts and Telegraphs		.	..			.
Defence		.	.			.
Railway					.	.

Objection Book Suspense**Cr. Rs. 83,949****Suspense
Accounts
Civil**

144 This is the main Suspense head upon the Civil Books. The entries under this head are zealously watched, as there is a general rule that this head should not be operated upon without special orders in each case.

As in the case of balances under Objection Book Advances, the ledger balance under this head has to be agreed with the aggregate of the separate accounts in the Objection Books. This agreement is reported to have been effected by all Civil Accounts officers. There were petty differences in the accounts of the Central Revenues and the Punjab, the differences in the former are under settlement and those in the latter have since been reconciled. The balances in Bombay and Bihar included a net debit of Rs 3,56,419 and a net credit of Rs 4,58,688 respectively on account of Match Excise Duty recoverable from or payable to certain Indian States. The bulk of the outstandings has been adjusted in the accounts for 1938-39.

Cash Balance Investment Account**Dr. Rs. 31,198**

145 The balance under this head represents the value of the balance of the Reserve Bank of India shares held by Government under Section 4 (8) of the Reserve Bank of India Act II of 1934. The balance accepted by the Government of India in the Finance Department was Rs 83,500 and the difference of Rs 52,302 (Cr) has been readjusted in the accounts for 1938-39.

Discount on Treasury Bills**Dr. Rs. 5,79,053**

146 The debits under this head relate to discount in respect of treasury bills issued to the public which did not accrue during the year under report. Under the system of accounting introduced from the accounts for 1931-32, only the discount on treasury bills actually accruing during a year is finally charged off to revenue in that year. The discount on treasury bills outstanding on 31st March of the year, which has not accrued during the year, is debited to this head, the debits being cleared by charge to revenue in the following year when the bills are paid off on maturity.

The balances have been verified and cleared in the accounts for 1938-39.

Deposit of Khairpur State**Cr. Rs. 2,00,000**

147 The balance represents the amount paid by the Khairpur State during the year as a deposit with the Government of India against the State's liability towards the Lloyd Barrage. The balance which was borne on the books of the Accountant General, Central Revenues, has since been transferred to the books of Comptroller, Sind.

Discount Sinking Fund**Dr. Rs. 8,92,22,148**

148 This head was opened on the books of Central Revenues in connection with the revised method of accounting adopted by the Central Government in regard to the heavy discount on Rupee Loan of 1926-27 and later issues. Prior to 1926-27, the discount on Rupee Loans was charged in full against the revenue of the year in which the loan was raised. Under the revised procedure, the discount is charged in the first instance to this suspense head and is gradually written off by annual payments out of revenue, the instalments being calculated on a Sinking Fund basis. The balance has been verified and accepted by the Government of India in the Finance Department. The balance is distributed as shown below

	Rs.
5½ per cent loan 1938-40	7,02,798
5 " " " 1939-44	37,74,315
5 " " " 1940-43	36,80,011
4½ " " " 1955-60	43,38,182
4 " " " 1960-70	5,35,02,365
4 " " " 1943	17,91,354
3½ " " " 1947-50	1,54,29,649
3 " " " 1941	6,38,317
3 " " " 1951-54	53,65,157
Total	8,92,22,148

Bushire Suspense**Dr. Rs. 1,27,652**

149 The outstanding balance under this head includes a sum of Rs 1,25,725 being the balance of the amount recoverable from the Hedjaz Government for the cost of arms and ammunition supplied by the Government of India. The original amount recoverable from the Hedjaz Government was Rs 4,19,163, but, as that Government was unable to pay the amount in full, a sum of Rs 2,79,442 representing two-thirds of the amount due was re-imbursed by His Majesty's Government. The balance of Rs 1,39,721 was kept under Suspense under the orders of the Secretary of State pending recovery from the Hedjaz Government. That Government paid a sum of Rs 13,996 in 1935-36 but no payment has been made by them since then. The balance under the head has been verified except for a difference of Rs 2,250 which is under settlement.

**Central Accounts Office Reserve Bank
Suspense****Cr. Rs. 11,796**

150 The transactions originating in Burma after her separation from India which are debited or credited to Central Government through the Reserve Bank of India are taken in the first instance under this head

Suspense
Accounts—
Civil

in the books of Central Revenues and later cleared on receipt of the accounts from Burma

The balance has been verified with the separate register maintained by the Accountant General, Central Revenues and the bulk of the outstandings has since been adjusted in the accounts for 1938-39

English Stores Suspense

Dr. Rs. 21,880

151 Debits and credits on account of English Stores which appear in the Home Accounts and which are required to be adjusted entirely and exactly in the Indian Accounts are taken under this head if they cannot be finally adjusted under the appropriate heads at once

The balance under this head is composed of a debit of Rs 22,167 and a credit of Rs 287 and has been cleared in the accounts for 1938-39

Security Purchase Account

Cr. Rs. 10,20,561

152 The balance under the head represents profit arising out of the transactions connected with the repatriation of sterling debt The outstanding balance under the Suspense head has been credited finally to Government in the accounts for 1938-39

Other Suspense Accounts

Cr. Rs. 12,809

153 The balances under other Suspense heads are reported to have been verified with the special suspense registers maintained for recording these transactions The bulk of the outstandings has been adjusted in 1938-39 There was a difference of Rs 20 in Bombay which is under reconciliation The balance in Madras is made up of a debit of Rs 6,490 on account of transactions of the Madras Port Fund and credits of Rs 5,370 and Rs 2,726 representing respectively transactions of the Vizagapatam Port and receipts from reclaimed land leased out in Vypeen (Cochin), and of these, the first two items have been adjusted in 1938-39 and the last item is awaiting adjustment pending settlement of the dispute regarding the ownership of lands between the Governments of Cochin and Madras

Posts and Telegraphs Suspense ..

Dr. Rs. 24,187

154 The balance is made up of .

			Rs	
(i) Postage stamps with Telegraph Master ..	Dr.		10,003	
(ii) Trade Charges Money Orders ..	..	Cr.	87,132	
(iii) Savings Bank Investment Account ..	..	Dr.	1,16,502	
(iv) Miscellaneous ..	..	Cr.	15,186	
	Net ..	Dr.	24,187	

Suspense
Accounts—
Posts and
Telegraphs

Item (i) represents the balances of stamp imposts held in cash by Telegraph Masters on the 31st March, 1938. These have been verified with those in the broadsheets maintained in the Audit offices and the difference of Rs 70 noticed is under reconciliation.

Item (ii) represents the amounts of Trade Charges Money Orders held under Suspense pending adjustment under the final head. The balances have been verified and, with the exception of Rs 131, have been adjusted in the accounts for 1938-39.

Item (iii) is composed as follows

Imprest of Government securities held by the Deputy Accountant General, Posts and Telegraphs, Calcutta, to avoid frequent purchases to meet the demands of Savings Bank Depositors	Rs	
	Dr	2,82,305
Less—		
Interest on Government securities on behalf of deceased depositors	Cr	1,22,330
Sale-proceeds of Government Promissory Notes on behalf of deceased depositors	Cr	29,321
Amount of unpaid anticipatory interest	Cr	431
Difference under investigation	Cr	13,721
Net Dr		1,16,502

Item (iv) represents the net result of credits and debits (Rs 93,775 and Rs 78,589, respectively) taken to Suspense for want of necessary particulars. The difference of Rs 1,699 noticed while verifying these balances with those in the subsidiary registers maintained in Postal Audit offices has been settled in 1938-39.

Defence Suspense

Cr. Rs 36,29,810

155 The balance against DEFENCE is made up of the following items

	Sale-proceeds of surplus Military lands and buildings (1)	Other Suspense Accounts (2)	Total (3)
	Rs	Rs	Rs
Military Commands and Districts			
Northern Command	+31,62,596	—2,167	+31,60,429
Military Accounts and Pensions, Lahore		—17	—17
Western Command		—51	—51
Southern Command		+853	+853
Eastern Command	+5,68,817	—97,046	+4,71,771
Royal Air Force		—3,173	—3,173
Naval Accounts		—2	—2
Total	+37,31,413	—1,01,603	+36,29,810

* Since 1920, an arrangement has been in operation between India and the United Kingdom, Straits Settlements, Federated Malay States and Eire, whereby the value of articles sent by parcel post is collected from addressees for remittance to the senders by special card money order. The amounts collected under this system are called "Trade Charges". Value-payable money orders are issued by the Indian Post Office in respect of the trade charges collected in India. These are subsequently cleared by debit to "Indian Money Orders" and credit to "Suspense—Trade Charges Money Orders". When payments are actually made to the senders of the parcels, the London Post Office or the Foreign Administration takes credit for the amounts paid and sends lists of money orders in support of its claims. On receipt of these lists, the payments are checked against the credit and the suspense head is relieved by so much of the amount as is credited to London or to the Foreign Administration.

Suspense
Accounts
Defence

156 The credit balance under head (1) against the Northern Command, which has been duly verified by the Controller, represents receipts accruing from disposal of surplus military lands and buildings, which have been held in suspense pending utilisation for the financing of essential military works expenditure on buildings and other amenities to troops. The balance will be gradually cleared as the credits are utilised on these works. This scheme which was originally sanctioned by the Secretary of State for a period of six years from 1st April, 1923 was extended for five years from 1st April, 1929 and has again been extended for a further period of five years from 1st April, 1934

The balance against the Eastern Command represents the sale proceeds of certain buildings and sites in the area known as Hastings Government Estate to the south of Fort William at Calcutta which are in the possession of the military authorities but which they no longer require. The estate is in the occupation partly of the Government of Bengal and partly of the military authorities. The military portion of the expenditure connected with the scheme for the improvement of this estate will be met from the sale proceeds, and any balance remaining, after the scheme is completed, will be divided equally between the Government of India and the Government of Bengal, the share of the Government of India being transferred to the ordinary Land Sales Suspense Account and, in the event of this account being closed, to Defence Receipts. The Hastings Military Lands Suspense Account was originally sanctioned by the Secretary of State for a period of five years from 1st December, 1930. The period has been extended for another five years from 1st December, 1935.

The outstanding balances under "Other Suspense Accounts" on the books of Military Accounts officers are mostly miscellaneous debits and credits which could not be allocated to proper heads in the accounts for 1937-38. The balances have been duly verified by the Military Accounts officers.

Railway Suspense

Dr. Rs. 1,46,51,855

157 The balance is made up of—

Suspense
Accounts—
Railways

		Rs
(i) Suspense Account	Dr	26,123
(ii) Railway Deposit Investment Account	Dr.	4,36,466
(iii) Companies' Railways Provident Fund Investment Account	Dr	1,41,89,266
Net	Dr	1,46,51,855

The balance under (i) which appears in the books of the Controller of Railway Accounts represents London Account transactions for March, 1938, intimated by the High Commissioner for India and the Secretary of State for India after the close of the accounts of individual Railways for the year 1937-38. The transactions were provisionally adjusted

under this head in order to clear the remittance accounts and have been included in the accounts of the railways concerned against proper heads in 1938-39 Suspense
Accounts—
Railways

Heads (ii) and (iii) were introduced in the accounts for 1934-35 to exhibit separately the investments made from the Railway Deposits, and the Companies' Railways Provident Fund. The balance against (iii) is composed of the balances relating to two Railways only, viz, Bengal and North-Western Railway (Rs 1,17,017,604) and Rohilkhand and Kumaon Railway (Rs 24,81,662). These Railways have been specially authorised to invest their balances of Company Railway Provident Fund in Government and other approved securities. The balances under (ii) and (iii) represent the amounts actually invested in the purchase of securities, Government papers, etc., and have been duly verified. The amount of interest realised during a year on account of these investments is paid to the deposits at a rate determined by competent authority. Any Difference between the amount of interest earned and that paid to the depositors is transferred to a reserve fund in the case of Deposit Investment Account and to Working Expenses in respect of "Company's Railways Provident Fund Investment Account."

Purchases and Sales of Silver

Dr. Rs. 44,02,69,951

158 This head replaces the head "Gain or Loss on Revaluation, Sale, Transfer, etc., of Assets of the Paper Currency Reserve. Losses on Sales of Silver" which was formerly used as a suspense head to accommodate the book losses arising out of sales of Currency Reserve Silver since 1927-28. As each tola of standard silver held in the Paper Currency Reserve was valued at Re 1 in the Currency Accounts, the deficiencies caused by the differences between the standard value of silver sold and the sale proceeds had to be made good from treasury balances usually by issues of *ad hoc* treasury bills to the Paper Currency Reserve. The loss on sales of silver since the commencement of selling operations and the unadjusted balance under the Suspense head "Sale of Silver", which were in fact represented by a corresponding portion of the Public Debt of the Government of India, amounted to about Rs 44.61 crores to end of 1934-35, and this figure was entered as the opening balance of the head "Purchases and Sales of Silver" on 1st April, 1935. A sum of Rs 2,95,48,421 being the equivalent of surplus sterling assets which lapsed to Government on the closing down of the Gold Standard Reserve, after allowing for Rs 10 crores retained to constitute the Silver Redemption Reserve, was taken to the credit of this head in the accounts for 1935-36. The outstanding debits are being gradually reduced by proceeds of silver sales and other receipts. Further debits to this will consist mainly of (a) payments to the Reserve Bank for return of coin under Section 36 (1) of the Reserve Bank of India Act, except in so far as such payments are to be made in the form of sterling assets from the Silver Redemption Reserve, and (b) incidental charges connected with silver sales including shipment of silver. The balance has been accepted by the Government of India in the Finance Department.

Cheques and
Bills

Cheques and Bills

Cr. Rs. 27,99,545

159 The following are the details of the balance under **Cheques and Bills**

			Rs
Pre-audit and Departmental Cheques,	Central Révenues	Cr	34,892
"	Indian Stores Department	Cr	27,59,798
"	Baluchistan	Cr	38
"	Madras	Dr	11,395
"	Bombay	Dr	1,804
"	Bengal	Dr	38,983
"	United Provinces	Cr	8,021
"	Punjab	Cr	23,463
"	Central Provinces and Berar	Cr	491
"	Sind	Cr	25,024
	Net	Cr	27,99,545

160 These balances, which represent the value of cheques issued but remaining unpaid on the 31st March, 1938, are reconciled with the total of the unpaid cheques outstanding on that date as brought out in the separate registers maintained in the Civil Account offices. The agreement is reported to have been complete except for small difference in Central Revenues which are under settlement and in Bengal which have since been settled. The debit balances outstanding against Madras, Bombay and Bengal are on account of cheques for temporary advances drawn on the last date of the year for making payments of pensions on the following days

Departmental and Similar Accounts

Dr Rs. 2,14,25,726

Departmental
and Similar
Accounts.

161 These are cash balances in the hands of several disbursing officers of different departments. These do not form part of the general cash balance of Government.

The following are the details composing the balance under this head.

		Rs	Rs.
Civil Departmental Balances			
Central Revenues	Dr	2,86,807	
Indian Stores Department	"	4,809	
Baluchistan	"	529	
Madras	"	5,74,721	
Bombay	"	24,34,310	
Bengal	"	11,20,490	
United Provinces	"	16,973	
Punjab	"	2,29,049	
North-West Frontier Province	"	44,816	
Orissa	"	212	
Coorg	"	212	
			47,12,928
Posts and Telegraphs Cash Balances			1,38,39,295
Defence Cash Balances			
Northern Command	Dr	2,94,013	
Military Accounts and Pensions	"	—2,83,527	
Western Command	"	—1,03,632	
Southern Command	"	—2,87,381	
Eastern Command	"	1,69,327	
Royal Air Force	"	—87,980	
Naval Accounts	"	2,104	
			—9,35,730
Railway Cash Balances—			
State Railways, Revenue A/c	"	37,67,588	
State Railways, Capital A/c	"	41,645	
			38,09,233
Total	Dr.	—	2,14,25,726

162 The *Civil Departmental Balances* represent amounts of cash in the hands of disbursing officers of the several Departments detailed below

	Rs
Public Works	5,586
Forest	130
Salt and Customs	11,63,820
Mint	28,94,172
Other Departments	6,49,220
Total	47,12,928

The balances have been reconciled with the closing balances of the Departmental Accounts on the 31st March, 1938 and, where necessary, with the cash balance reports rendered by the departments concerned. There was a petty difference in the accounts of Central Revenues which is under investigation. The balance under "Other departments" includes a sum of Rs 2,31,879, being the balances with the Government Bankers at Yatung and Gyantse. The balance outstanding at the end of 1936-37 was Rs 241,608 out of which a sum of Rs 9,729 was recovered from the Bankers during 1937-38 and further recoveries aggregating Rs 2,076 have been made in 1938-39. The balance has been written off by the Government of India and necessary adjustment will be made in 1939-40 after the provision of the required funds.

163 The balance against *Posts and Telegraphs* represents cash and value of stamps in the hands of Postmasters and cash in hand of other disbursing officers of the Department on the 31st March, 1938, and agrees with the aggregate of the closing balances shown in the accounts of the Head Postmasters and other disbursing officers of the Department for March, 1938. The balances have been verified with the separate cash balance certificates received from Postmasters, Telegraph Masters, etc.

164 The *Defence Departmental Balances* are made up of (i) debit balances representing the actual cash balance on 31st March, 1938 in the hands of disbursing officers of the department and (ii) credit balances representing the amounts due to Officers Commanding Units and Formations on account of balances of pay and allowances due to British soldiers who are allowed to draw every week as much as they need to the extent of their monthly pay and allowances. The pay accounts of these men are maintained on a running accounts system and the balance which remains due to them is held under "Departmental Accounts Personal Accounts" as a credit balance. The balances under (i) have been acknowledged by the officers holding them and those under (ii) have been verified with the detailed records kept by the Military Controllers.

**Departmental
and Similar
Accounts.**

165 The *Railway Balances* represent the cash balances on 31st March, 1938, in the hands of the disbursing officers of the department and are inclusive of Rs 3,25,773 on account of unrealised credit notes. The balances agree with the aggregate of the closing balances shown in the cash accounts of the disbursing officers of the department. The balances have been verified and the usual certificates of account furnished. On the Eastern Bengal Railway, the imprest was excess charged to the extent of Rs 7 which has since been set right, on the Great Indian Peninsula Railway, a sum of Rs 6 was stolen from the imprest of an officer which has since been recovered.

**Suspense
Accounts
England.**

166 The details of the balances of **Suspense accounts** (in England) are as follows

I Account of the Secretary of State

	Dr	Cr
	£	£
(i) Discount on India Loans	5,376,800	
(ii) Purchase of India Stock Premium, etc	145,758	
(iii) Purchase of Railway Debenture Stock	598,612	
(iv) Bengal and North Western Railway 5% Debenture Stock Discount Sinking Fund		36,433
(v) Account with the Government of Burma		13,283
(vi) Balances with Sub-Accountants	36,161	
(vii) Account with the High Commissioner for India	603	
(viii) Miscellaneous	2,771	
	6,160,705	49,716
	Net Dr	£6,110,989

167 The balances under these heads are explained below

Item (i) —Represents the balance outstanding on 31st March, 1938 of the amount of discount incurred on the issue of the 3 per cent., 3½ per cent, 4 per cent, 4½ per cent and 5 per cent India Stocks since 1921-22. The cash proceeds of these issues were originally credited to "Permanent Debt" while the difference between the nominal value and cash receipts representing the discount used to be credited to Debt and charged to Revenue by a series of half-yearly book adjustments extending over the currency of the loans. Under this arrangement, the outstanding discount was not, as in the case of Loans issued in India, shown as a balance on the books of the Secretary of State. This procedure has been changed with effect from 1st April, 1935 and the discount on sterling is now treated in the same manner as is employed in India. The balance under this head excludes an amount of £6,273,931 representing

the difference between 7 per cent stock exchanged for 3 per cent in 1921-24 and 3 per cent stock issued in exchange. There is actually no sinking fund in respect of the latter amount, as the 3 per cent stock is regarded as practically irredeemable. For the same reason, sinking fund purchases to complete the adjustment of the outstanding discount on earlier issues of $2\frac{1}{2}$ per cent, 3 per cent, and $3\frac{1}{2}$ per cent stocks were discontinued after 1931-32.

Item (vi) A sum of £200,000 is applied each year to the purchase and cancellation of debt in accordance with the provisions of various Acts now consolidated in the East India Loans Act, 1937. The nominal amount of stock purchased is recorded under "Public Debt" and the difference between this amount and the actual cost is adjusted direct against Revenue. In 1937-38, advantage was taken of the large sterling resources available to purchase and cancel an additional £2,150,000 of "dated" India stocks at a cost of £2,305,697. As the total amount of premium, though more than covered by the eventual saving in interest, is considerable, it is being adjusted against Revenue by half-yearly instalments during the remainder of the currency of the stock concerned. One instalment appears in the accounts for 1937-38.

Item (vii) The balance represents the cost of £579,900 Madras and Southern Mahratta 4 per cent debenture stock due for redemption on 1st October, 1938 purchased from General Revenues and cancelled. The nominal amount will in due course be debited to Railways as a repayment of capital contributed by Companies, and the net profit on the transactions (the interest saving less the premium) will accrue to General Revenues.

Item (viii) The balance represents the accumulated amount of sums charged against the Railway Revenue Account, together with interest paid from General Revenues on the accumulated balance, to provide for the redemption on maturity of the discount on issue (£88,000) of the State portion of the Debenture Stock issued in 1925 and 1932.

Item (ix) This amount represents the balance of transactions in the accounts of the Secretary of State for India which are adjustable with Burma. The balance has been cleared in 1938-39.

Item (x) Represents fixed imprests and outstanding balances of advances given to Banks, Dominion Governments, etc., in respect of payments made or to be made by them on Indian accounts. The balances on the various accounts have been verified.

Item (xi) This account has been introduced as from 1st April 1937 for the purpose of facilitating financial adjustments between the High Commissioner's Office and the India Office. Formerly, an account current was maintained, receipts and payments by one office on behalf of the other being adjusted against the lump sum transfers of cash made by the Secretary of State to finance the High Commissioner's requirements, but as a result of the new procedure for the accounting and adjustment of

Suspense
Accounts-
England

Home transactions, whereby the cash requirements of the High Commissioner are drawn directly from the Reserve Bank, revision of the system became necessary. It was accordingly decided, in agreement with the India Office, to deal with these transactions in the Suspense Section through the medium of an account to be settled periodically in cash. The Account normally shows a debit against the Secretary of State, which is adjusted monthly by cash payments to the High Commissioner's account, while in order to minimise the unadjusted balance at the end of the year, a payment on account is made by the Secretary of State, in March the balance carried forward being cleared in April. The balance has been cleared in 1938-39.

Item (viii) The balance consists of an advance to the Admiralty in March, 1938 in respect of claims under examination and sundry other items in course of adjustment.

II *Account of the High Commissioner for India*

	Dr £	Cr. £
(i) Sub-Accountants Balances	77,396	-
(ii) Account with the Government of Burma	7,424	
(iii) Passages	4,871	
(iv) Fines and Penalties		48
(v) Account with the Secretary of State for India		602
(vi) Miscellaneous		34,849
	89,691	35,499
	Net Dr	54,192

168 The first item represents balances formerly included in the cash balance, but which from the year 1934-35 have been transferred to a new sub-head under "Suspense." The balance under the second item represents the amount due to or from the Government of Burma in respect of payments made initially from the Accounts of the High Commissioner for India. Under the financial arrangement made as a result of the separation of Burma, the cash requirements for expenditure in England on behalf of that Government are remitted by them and a separate bank account is maintained by the High Commissioner in this connection. In order, however, to obviate unnecessary duplication of work and as a matter of administrative convenience, the cash transactions on account of the Government of Burma are operated in the first instance through the cash account of the Government of India such payments being recouped periodically within the month on an estimated basis and the final balance each month being cleared at the beginning of the next month. The payments on account of the former Government are placed to Suspense Account in the Government of India accounts by *per contra* credit under

Suspense in the Government of Burma accounts, the periodical cash transfers from the Government of Burma bank account to that of the Government of India being adjusted under the same account. The balance has been cleared in 1938-39. The third item represents financial adjustments with Shipping Companies in respect of which necessary recoveries could not be made in the year 1937-38. The fourth item records fines provisionally deducted from contractors for the supply of stores because of non-compliance with the terms of the contracts. The recoveries are subsequently transferred to the credit of the indenting departments when the account of the fine is finally settled. For item (v) see item (vi) of paragraph 167 above. The last item is the net result of debit and credit balances of £2,717 and £37,566, respectively, the credit balance including a sum of £37,457 received from the Board of Trade on the 31st March, 1938, on account of confidential rebates on passages booked on behalf of the Governments in India during the rebate year 1936-37 placed under this head pending allocation. The amount in question has been adjusted in the accounts for 1938-39.

Suspense
Accounts
England.

Miscellaneous	{ India	Dr Rs 1,03,667
	{ England	Cr. £ 448,450

169 The debit balance under this head in India represents the amount of the contribution money recoverable from the Bikaner Durbar towards its share of expenditure on the Sutlej Valley Project at the close of the year. The balance has been verified with the records maintained by the Accountant General, Punjab and has been recovered from the Durbar in the year 1938-39.

170. The balance in England is accounted for by the

		Cr £
Secretary of State	.	422,527
High Commissioner	..	25,923
		448,450

The balance on the books of the Secretary of State is made up mostly of a credit of £418,025 representing the half-yearly interest on the balance of British War Loan which fell due in December, 1932 but was not disbursed, the amount being charged to Revenue in the accounts for 1932-33 by credit to this head. It appears unlikely that payment will be required and the question of disposal of the credit balance is under consideration. The other items included under this head represent mainly items of receipts of a miscellaneous character held in suspense pending disbursement in subsequent years.

SECTION Q. LOANS AND ADVANCES BY THE CENTRAL GOVERNMENT Dr. Rs. 1,46,52,27,847

171 This section is sub-divided into the following divisions

	Rs
Advances to Provincial Governments	1,24,71,57,762
Loans to Indian States	12,87,89,217
Loans to Local Funds, etc	8,51,08,906
Loans to Government servants	41,71,962
Total	1,46,52,27,847

Advances to Provincial Governments Dr. Rs. 1,24,71,57,762

Advances to
Provincial
Govts.

172 The debit balance under this head represents the outstanding liability in respect of the loans granted by the Central Government to the Provincial Governments and to the Coorg Administration and includes the balances of the liabilities of the Provincial Governments to the Provincial Loans Fund on the 31st March, 1937 which were not cancelled under the scheme for the decentralisation of balances and the cancellation and consolidation of debt on the introduction of Provincial Autonomy. The correctness of the balance, which has been agreed with the detailed account maintained by the Accountant General, Central Revenues, has been verified by the Government of India in the Finance Department and the outstanding amounts have been accepted by the Provincial Governments concerned.

The amounts of the balances of loans outstanding against the Governments concerned are given below

	Rs
Madras	7,49,93,508
Bombay	32,39,86,705
United Provinces	25,41,02,551
Punjab	26,73,98,176
Central Provinces and Berar	3,27,88,896
Assam	30,65,243
Sind	29,03,13,439
Coorg	5,09,244
Total	1,24,71,57,762

Loans to Indian States

Dr. Rs. 12,87,89,217

173 The debit under this head represents the balance of loans made by the Government of India to Indian States prior to the 1st April, 1937. The following are the details of the balance under this head

	Rs
Central Revenues .. ,	21,14,555
Madras	15,00,000
Bombay .	53,72,545
Bengal	7,30,851
Punjab .	11,88,01,266
North-West Frontier Province	2,70,000
Total	12,87,89,217

The balance under this head on the books of the Accountant General, Central Revenues, consists of Rs 19,98,976 and Rs 1,15,579 outstanding against the Alwar and the Tonk States, respectively. The balances have been verified with the subsidiary loan registers and acceptances received in all cases. The conditions of the loans were fulfilled in all cases.

The balance on the books of the Accountant General, Madras, represents the amount of loan advanced to the Cochin Government in connection with its harbour works. The balance has been accepted as correct by the Comptroller of Finance and Accounts, Cochin State.

The balance on the Bombay books is composed of outstandings against various States in the Western India States and other Political Agencies. The balances have been accepted in all cases, except two. The conditions of the loans were fulfilled and instalments due in 1937-38 duly recovered except in one case in which default in the payment of instalment has been condoned by Government.

The balance in Bengal represents a loan to the Tripura State. It has been verified with the subsidiary loan register and has been accepted by the State. The conditions of the loan have been fulfilled.

The balance in the Punjab represents the loan due from the Bahawalpur State in connection with the State portion of the Sutley Valley Project and the balance of Account Current transactions. As the State was not able to pay interest at the prescribed rate which, for the greater part of the loan, was $5\frac{1}{2}$ per cent the Government of India decided to waive interest on the loan for a period of two years from the 1st October, 1933. The terms of repayment of the loan have also been revised allowing the Durbar to make repayments on a graduated scale commencing from 1935-36, so that the entire loan would be repaid by the 31st March, 1986. The balance has been verified with that worked out

Loans to Indian States. in the subsidiary loan register As under the terms of the agreement it is not possible for the Bahawalpur Durbar to verify the balance of the loan at the end of each year, the Auditor General has dispensed with the acceptance by the Durbar of the annual balance of the loan The conditions of the loan were fulfilled during the year 1937-38

The balance in the North-West Frontier Province represents loans outstanding against two Indian States These loans are free of interest The balances have been agreed with those in the loan register maintained for the purpose The conditions of the loans have been fulfilled and the balances accepted in both cases

No case of write-off or doubtful assets has been brought to notice in respect of these balances

Loans to Local Funds Dr. Rs. 8,51,08,906

174 The following are the details of *Loans to Local Funds, etc* —

	Central Revenues	Indian Stores Depart- ment	Baluchis- tan	Madras	Bombay	Bengal	United Provinces	Punjab	Bihar	N W F Province	Sind	Coorg	Loans to Local Funds, etc
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Loans to Major Port Trusts and Port Funds				1,30,23,816	4,88,76,005	31,67,946							6,50,67,767
Loans to Municipalities	75,67,942												75,67,942
Loans to District and other Local Fund Committees	36,46,000								5,18,012				41,64,012
Loans to Landholders and other Notabilities			76,670			—100		3,210			900		80,680
Loans to Railway Companies	20,10,000												20,10,000
Advances to cultivators	5,92,470		5,56,042							72,038		4,67,601	16,88,151
Advances under Special Laws	34,96,847												34,96,847
Miscellaneous Loans and Advances	9,71,583	41,790	9,981		28		125	10,000					10,33,507
Total Civil	1,82,84,842	41,790	6,42,693	1,30,23,816	4,88,76,033	31,67,846	125	13,210	5,18,012	72,038	900	4,67,601	8,51,08,906

Loans to Major Port Trusts and Port Funds Dr. Rs. 6,50,67,767

Loans to
Local Funds,
etc.

175 The balances are composed of the following

Madras

	Rs
(i) Madras Port Trust	98,55,254
(ii) Cochin Landing and Shipping Dues Fund	31,68,562

1,30,23,816

Bombay

(iii) Bombay Port Trust	4,88,76,005
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Bengal

(iv) Chittagong Port Fund	31,67,946
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Total 6,50,67,767

The balances in Madras have been accepted and recoveries are being made regularly in all cases. In respect of an interest-free loan of Rs 3 lakhs included in (ii) above, no repayment has been made as the terms of repayment have not yet been settled.

The balance against Bombay Port Trust includes Rs 3,27,95,233 being the balance of the four provincial loans amounting to Rs 3,42,74,661 taken over by the Government of India with effect from 1st April, 1937. In the case of all of these loans, the ledger balance agrees with the outstanding principal as recorded in the special loan register. The annual instalments were duly recovered and the balances have been acknowledged.

The Chittagong Port Fund did not pay the instalments on loans on due date. The Government of India waived the levy of penal interest on overdue instalments paid in 1938-39. The balance agrees with that worked out in the subsidiary loan register and has been accepted as correct.

Loans to Municipalities

Dr. Rs. 75,67,942

176 The balance under this head is made up of Rs 72,362, Rs 1,15,931 and Rs 73,79,649 being the balances of loans granted to Ajmer, Delhi and New Delhi Municipalities respectively and have been agreed with those in the loan register kept in the office of the Accountant General, Central Revenues. The balances have been accepted and the conditions of the loans fulfilled in all cases, except one for which the terms of repayment of loan have since been received from the Government of India.

Loans to District and other Local Fund Committees

Dr. Rs. 41,64,012

177 The balances have been verified with those shown in the separate registers maintained in the Audit offices and accepted as correct by the parties concerned Loans to Local Funds, etc.

The balance on the books of the Accountant General, Central Revenues, is made up of Rs 42,000 and Rs 36,04,000, representing the balances of loans to the Notified Area Committee, Shahdara and the Delhi Improvement Trust, respectively. The terms of repayment of the loans to the Delhi Improvement Trust, which were under consideration during the year, have since been settled and steps are being taken to realise the interest due on these loans during 1938-39. The outstanding in Bihar represents the aggregate balances of the three loans granted to the Ranchi European Mental Hospital. The instalments in repayment of the loans have been regularly recovered.

Loans to Landholders and other Notabilities Dr. Rs. 80,680

178 The outstandings have been verified with the balances in the separate registers maintained in the Audit offices. No case of write-off or doubtful assets has been reported in respect of these balances.

The balance on the books of Baluchistan relates to loans granted to certain chiefs. The balances have been accepted by the parties concerned. The conditions of the loans were fulfilled in all cases. The credit balance on the books of the Accountant General, Bengal, is due to a wrong adjustment and has been set right in the accounts for 1938-39. The outstanding in the Punjab is made up of Rs 2,850 representing the balance of a loan of Rs 15,000 to an Afghan refugee for building a house and Rs 360 being the balance of a loan to Bibi Hazara Khatoon. The first loan is recoverable in monthly instalments of Rs 150 to be deducted from the Sardar's allowance. The conditions of repayment of both the loans have been fulfilled except that in the case of the Afghan refugee, only ten instalments were paid during the year and the matter is under correspondence for the recovery of the remaining two. The acknowledgments of the correctness of the balances have been received from the Administrators concerned. The balance in Sind represents the outstanding balance of loans paid to landholders in Sind. Instalments were duly recovered and the conditions of loans were fulfilled. Acceptance certificates are awaited.

Loans to Railway Companies

Dr. Rs. 20,10,000

179 The balance under this head represents an advance to the Bombay, Baroda and Central India Railway Company originally made from the assets of the Company's Provident Fund, since 1917, when the assets and liabilities of the Company's Railway Provident Fund were taken over by Government, it has virtually become a loan from Government to the Company. The conditions of the loan have been fulfilled.

Loans to
Local Funds,
etc

Advances to Cultivators

Dr. Rs 16,88,151

180 The balances under this head represent outstandings on account of advances made under the Land Improvement Act and the Agriculturists Loans Act and advances to Co-operative Societies. The detailed accounts of these loans are maintained by District and Revenue Authorities who are also responsible for watching the recoveries of principal and interest. The verification of these balances, therefore, consists chiefly in agreeing the ledger balances with the aggregate of the balances worked out in the broadsheets kept in the Civil Accounts offices, the latter being reconciled with the administrative balances certified by the District or other responsible officers concerned. The balances have been agreed with those of the broadsheets and they have been accepted by the Revenue authorities concerned except in Baluchistan and in two cases in Central Revenues where the necessary acceptances are awaited. In the North-West Frontier Province also the acceptance certificate has not yet been received from the Political Agent, Kurram. In the case of Central Revenues, sums aggregating Rs 670 were written off by the Chief Commissioner, Port Blair. In Baluchistan and Coorg also advances aggregating Rs 5,852 and Rs 430, respectively, were written off during the year as irrecoverable under the orders of competent authority.

Advances under Special Laws

Dr. Rs. 34,96,847

181 The balance under this head is made up of Rs 33,44,582 being the amount recoverable from the Delhi Joint Water Board and Rs 1,52,265 on account of advances made to the Istimrardars of Ajmer. The balances have been agreed with those in the subsidiary registers maintained in the office of the Accountant General, Central Revenues, and accepted by the parties concerned. The outstandings are in course of recovery. The conditions of the loans have been fulfilled in all cases except one in which the belated payment of instalment has been condoned by Government.

Miscellaneous Loans & Advances

Dr. Rs. 10,33,507

182 The balances on the books of the several Accounts officers have been reconciled with those in the separate loan registers and have been accepted in all cases except in Baluchistan where the acceptance certificate is awaited.

The balance on the books of the Accountant General, Central Revenues, is made up of the following amounts, viz, Rs 4,30,277, the amount due out of the loan of Rs 5 lakhs granted to the New Delhi Gynkhana Club, Rs 37,463 on account of a loan granted to the Young Women's Christian Association, Rs 4,78,843 the amount due out of the loan of Rs 8,10,678 representing the cost of munitions supplied to the Tibetan Government during 1933, which has been treated as a loan free of interest and is repayable in annual instalments of Rs 1 lakh each commencing from 1934-35, and Rs 25,000 on account of a loan granted to the Roman Catholic Church, New Delhi. In the case of the loan to the Tibetan Government, after taking into account the sum of Rs 11,835 paid in

excess by that Government during previous years, which was treated as advance payment towards the instalment due in 1937-38, a net amount of Rs 88,165 became due for repayment during the year under report. Out of this, a sum of Rs 20,000 only was paid during the year and a further sum of Rs 10,000 in April, 1938. The matter has been brought to the notice of the Government of India. In the case of the loan to Young Women's Christian Association, a sum of Rs 6,015 was paid in advance under the orders of Government. The equated half-yearly instalment due on the 12th January, 1938 was paid late, but the delay was condoned by Government. The balance under the Indian Stores Department represents loans granted to the miners at Khewia for building houses. The conditions of the loan were fulfilled and the instalments due were regularly recovered. The balance in Baluchistan represents loans granted in 1931-32 to the sufferers from earthquake of 1931, and a sum of Rs 400 was written off during the year under the head. The balance in Bombay is of miscellaneous advances granted to clerks, policemen, teachers, etc., in the Mahikantha Agency for building and repairing their houses damaged in the floods. The balance in the United Provinces relates to an advance of Rs 500 granted to a political pensioner and the amount has since been adjusted in full. The balance on the Punjab books relates to a loan sanctioned by the Government of India for the construction of the Roman Catholic Church at Simla. The loan is free of interest and is repayable in biennial instalment of Rs 10,000. The balance is repayable in 1939-40.

Loans to Government servants

Dr. Rs. 41,71,962

183. These loans represented temporary advances to Government servants for house-building, purchase of motor cars and similar purposes and carried interest at the prescribed rate. As a special case, interest-free advances were given to sufferers from the earthquake of 1934 for rebuilding houses and other purposes, and these advances have been included in this section. The balances agree with those shown in Account No 109 of the Combined Finance and Revenue Accounts for 1937-38. The distribution between Civil and Non-Civil is as follows.

		Rs
Civil Department Advances	Dr	10,50,689
Non-Civil Advances	„	31,21,273
Total	„	41,71,962

Up to the end of 1936-37, the funds required for making these advances were provided entirely from the resources of the Central Government, although loans were granted to the personnel under the control of both the Central and Provincial Governments. The expenditure was treated as votable expenditure of the Central Government and entered into their Appropriation Accounts. With the inauguration of provincial autonomy, the Central Government no longer act as banker for

**Loans to
Government
Servants**

the provinces Under the new Constitution these advances have been decentralised and where the recipient of the loan is clearly the employee of a Provincial Government, the loan is met by the Provincial Government The balances outstanding on 31st March, 1937 of loans granted to the personnel of the Provincial Governments have also been decentralised as from that date by a special amendment of the Devolution Rules

The grant to Government servants of house-building advances and advances for the purchase of conveyances, tents, etc., has been discontinued by the Central Government from 13th May, 1937 in the case of persons entering Government service after that date and from 1st March, 1938 in the case of others

184. The following are the details of the Civil Department Advances —

Advances to
Government
Servants—
Civil.

	Central Reve- nues	Indian Stores Depart- ment	Balu- chistan	Madras	Bombay	Bengal	United Pro- vinces	Punjab	Bihar	Central Pro vinces and Berar	North- West Frontier Pro vince	Assam	Orissa	Sind	Coorg	Total
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
House-building Advances	89,412	4,541	13,496	38,789	6,175	71,312	47,704	60,556	15,983	19,633	7,509	36,802	7,903	16,254	4,36,069	
Advances for the purchase of motor cars	2,76,577	35,397	22,408	51,267	24,568	69,136	8,337	29,999	2,206	2,077	53,746		3,612	882	5,80,212	
Advances for the purchase of other conveyances	13,755	4,088	338	1,858	334	700	695	411		36	140	250	645	400	248	23,898
Passage Advances	10,128	240														10,368
Other Advances				—8	150											142
Total	3,89,872	44,266	36,242	91,906	31,227	1,41,148	56,736	90,986	18,189	21,746	61,395	37,052	645	11,915	17,384	10,50,689

House-building Advances**Dr. Rs. 4,36,069**

Advances to
Government
Servants—
Civil

185 The balances under this head have been proved with those in the special registers maintained for the purpose and differences of Rs 78 and Rs 2,818 noticed in the books of Central Revenues and Sind respectively, have been adjusted in 1938-39. Certificates of acknowledgment have been received in all cases except two in the United Provinces and two in Assam. Instalments in repayment of these loans have been regularly paid except in one case in the Central Provinces where there was delay in repayment of the advance amounting to Rs 491 owing to the death of the debtor.

Advances for the purchase of motor cars**Dr. Rs. 5,80,212**

186 The balances under the head have been verified with the separate registers maintained for recording the advances, and the discrepancies found in the accounts of Central Revenues, Baluchistan, Bombay, Bengal and North-West Frontier Province have been settled in the accounts for 1938-39, while those in Madras and Sind are being adjusted. Certificates acknowledging the balances have been received in all cases except six in Central Revenues, one in Baluchistan, three in Madras and three in North-West Frontier Province. Owing to the death of a borrower, the Government of India sanctioned the write-off of Rs 1,414 being the balance of motor car advance outstanding against him on the books of Central Revenues after crediting the sale proceeds of his motor car to Government. Instalments in the repayment of all other advances were regularly paid.

Advances for the purchase of other conveyances**Dr. Rs. 23,898**

187. The balances under this head have been agreed with the separate registers maintained in Account offices. There were petty differences in the Accounts of Central Revenues, Punjab and Sind which have since been adjusted except for the sums of Rs 6 in Central Revenues and Rs 60 in Sind which are under investigation. Recoveries of instalments were regularly made and certificates acknowledging the balances have been received except in two cases in Bombay.

Passage Advances

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Dr. Rs. 10,368

188 The balances under this head have been agreed with the separate registers maintained for the purpose and certificates accepting the correctness of the balances have been received in all cases. Recoveries of instalments have been made regularly.

Other Advances

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Dr. Rs. 142

189 The credit balance on the books of the Accountant General, Madras, (Rs 8) represents an amount erroneously credited to "Central" instead of to "Provincial". It has been readjusted in the accounts for 1938-39. The debit balance in Bombay (Rs 150) relates to a special

advance granted to an officer of the Indian Meteorological Department by the High Commissioner to cover the cost of his passage back to India. The balance has been verified. The acceptance certificate is awaited.

190 The following are the details of the **Non-Civil Advances**

Military Commands and Districts and other Non-Civil Departments	House-building Advances	Motor car Advances	Advances for purchase of other conveyances	Passage Advances	Total	Advances to Government Servants Non-Civil.
	Rs	Rs	Rs	Rs	Rs	
Posts and Telegraphs	3,73,388	1,04,202	12,532	4,590	4,94,712	
Defence						
Northern Command	1,06,300	3,10,217	10,653	166	4,27,336	
Military Accounts and Pensions, Lahore	68,070	1,96,354	4,861	1,711	2,70,996	
Western Command	8,547	1,48,993	3,244	1,172	1,61,956	
Southern Command	24,646	2,67,202	9,398	1,363	3,02,609	
Eastern Command	19,308	3,01,440	6,915		3,27,663	
Royal Air Force	5,056	47,993	398		53,447	
Army Factory Accounts	11,964	19,027	219		31,210	
Naval Accounts	1,494	5,276			6,770	
Total—Defence	2,45,385	12,96,502	35,688	4,412	15,81,987	
Railways—Capital Account						
Railways—Revenue Account	6,27,861	3,70,617	3,759	42,337	10,44,574	
Grand Total	12,46,634	17,71,321	51,979	51,339	31,21,273	

191 The ledger balances on the Military books have been proved by the Military Accounts Offices with the registers maintained by them for recording these advances. There was a petty difference of Rs 18 in the Accounts of the Royal Air Force under Motor Car Advance which has been adjusted in the accounts for 1938-39. Acceptances have been received from the officers concerned except in a few cases, where the officers were mostly out of India. Recoveries of instalments in repayment of the advances have been generally regular. In one case, the recoveries of instalments in the books of the Controller of Military Accounts and Pensions, could not be effected for four months owing to the death of the officer concerned, and the outstanding balance of the advance together with interest was recovered subsequently from the deceased's estate. In another case, the recovery of a sum of Rs 127 due from an officer in the Royal Air Force who reverted to Home establishment in 1936 was deferred by the India Office pending realisation of certain amount due to the officer on account of Quetta Earthquake compensation. The compensation has since been paid and the balance of advance is expected to be received shortly. A sum of Rs 308 under 'Motor Car Advances' has been written off during the year under orders of competent authority.

192 The ledger balances in the books of the Posts and Telegraphs and the Railway Department have been verified with the subsidiary registers maintained for recording these advances. There were differences of Rs 68 and Rs 121 in the Posts and Telegraphs accounts under

Advances to
Government
Servants
Non-Civil

House-building advances and advances for purchase of other conveyances respectively, which have since been settled with the exception of Rs 4 under the latter head. There were also differences of Rs 37 Rs 1 166. Rs 174 and Rs 300 in the Railway Accounts under House Building advances, Motor Car advance, other conveyances and passage advance respectively, of which the first item has since been settled.

Acceptances of balances have not been received in some cases and steps have been taken to obtain them. Repayments in instalments were regularly made except in two cases on the East Indian and North Western Railways and in two cases in the Posts and Telegraphs Department, the officers concerned in the latter department were reported as dead. A sum of Rs 22 being the balance of advance outstanding against one of the deceased has been found irrecoverable and the question of its write-off is under consideration. Similarly, another sum of Rs 89 under the head 'House Building Advance (not bearing interest)' in the Posts and Telegraphs Department was found irrecoverable and was written off during the year.

	India	England.
	Rs.	£
SECTION S. Remittances.	Cr. 2,46,98,881	..
	Dr. 9,138	120,261

193 This head consists of

	India	England.
	Cr Rs	Dr Rs Dr £
Cash Remittances and Adjustments between officers rendering accounts to the same Accountant General or Comptroller	20,23,941	. ..
Baluchistan Suspense		896 ..
Remittances by Bills	14,01,480	. ..
Money Orders	98,85,171	. .
Remittances adjusted on the Central Books	.	212 .
Adjusting Account between Central and Provincial Governments	61,476	
Accounts between Departments	1,13,26,813	8,030
Remittance Account between England and India		120,261
Total	2,46,98,881	9,138 120,261

194. The following are the details of the first item.—

FINANCE ACCOUNTS CENTRAL GOVERNMENT

193

[Credits +, Debits —]

	Central Revenues	Indian Stores Depart- ment	Balu- chistan	Madras	Bombay	Bengal	United Provinces	Punjab	Bihar	Orissa	Sind	Coorg	Total
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Civil—													
Public Works Remittances	+3,06,165		+10,477	+5,079	+54,836	+62,166	-1,353	+30,903	+545	-66		+3,631	+4,72,983
Salt Remittances				-29,926	+500								-29,426
Forest Remittances	+4,748		+773	+2,086	-82			+14	-750	-56		+31	+6,764
Mint Remittances						+10,78,914	+5,13,166						+15,92,080
Small Con Depot Remittances	-3,800					+4,700	-1,650	-100					-850
Miscellaneous Remittances		-80			+21,464			-162		+931	+48,796		+70,949
Total	+3,07,113	-80	+11,250	-22,161	+11,55,632	+5,80,032	-3,003	+30,655	-205	+809	+48,796	+3,662	+21,12,500
Departmental—													
Posts and Telegraphs Remittances													-83,559
Grand Total													+20,23,941

Remittances

195 This head comprises two different kinds of transactions, one being remittances in actual cash between treasuries and departments rendering accounts to the same Account Office. Each separate remittance of this kind is watched through a remittance register. The other class of transactions are purely book adjustments made within the accounts of the same Account Office, which are watched through separate registers maintained for the purpose.

The balances have been compared in each case with the remittance or subsidiary registers and have agreed except where otherwise stated below.

Public Works Remittances There were net differences aggregating Rs 9,183 in the accounts of Baluchistan which have since been settled. The outstandings under the head represent mostly the amount of uncashed cheques on 31st March 1938. The debit balance in the United Provinces is mainly the result of a cheque for Rs 13 having been fraudulently cashed for Rs 1,401 in 1936-37 causing an excess payment of Rs 1,388. The culprit has absconded and the case is still being investigated by the Police Department.

Miscellaneous Remittances—The balance under this head is made up mostly of the amounts paid into treasuries by liquor shop-keepers to be refunded to distillery contractors, remittances by members of Government Servants Co-operative Societies, deposits of money for issue of Remittance Transfer Receipts, tributes credited by Indian States at sub-treasuries for remittance to District Headquarters and of balances of Government commercial undertakings and Excise Department. In Orissa there was a difference of Rs 931 between the ledger and the subsidiary register which has since been settled and adjusted in the accounts for 1938-39. In Bombay a difference of Rs 988 relating to Distillery remittance has not yet been agreed and is under investigation.

Most of the outstandings have been or are being adjusted in the accounts for 1938-39.

196 The balance under *Posts and Telegraphs Remittances* is composed of—

	Rs
(1) Transfers between Postal and Telegraph Officers within the jurisdiction of the same Audit Office	Dr 43,443
(2) Transfers between Postal and Telegraph Officers within the jurisdiction of other Audit Offices	.. Dr 45,116
Total	. Dr 88,559

The balances have been verified.

Remittances

Baluchistan Suspense

Dr. Rs. 896

197 The head *Baluchistan Suspense*, which appears on the books of Central Revenues and Baluchistan, is a running account of transactions originating in the accounts of Central Revenues on account of Baluchistan and in the accounts of Baluchistan on account of Central Revenues. The net debit of Rs 896 outstanding under this head is composed of debits and credits aggregating Rs 3,580 and 2,684 respectively and represents the balance of transactions between the accounts of Central Revenues and Baluchistan which could not be adjusted completely in the year under report. With the exception of a credit of Rs 500 which is still under settlement, all the other outstanding amounts have been adjusted in the accounts for 1938-39.

Remittances by Bills Cr. Rs. 14,01,480

198. The details are as follows —

	Central Revenues	Madras	Bombay	Bengal	United Provinces	Punjab	Bihar	Central Provinc- es and Berar	North- West Frontier Province	Assam	Orissa	Sind	Remittances
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Supply Bills, Local	1,033	500	10,000			10,250							21,783
Foreign Supply Bills	86,200	350	36,704	1,43,664	26,423	72,456	9,700	900		1,71,700			6,12,385
Remittance Transfer Re- ceipts, Local	2,210	—497	53,631	5,163	113	754	304	1,503	17,264	687			81,311
Foreign Remittance Transfer Receipts	16,720	7,108	1,58,717	2,50,437	31,638	38,864	37,994	4,411	1,474	5,682	683	1,20,290	6,73,018
Burma Remittance Trans- fer Receipts and Sup- ply Bills	5,186	303	9,572	—2,533	4,673	—5,483	1,895				—630		12,983
Total	1,10,349	7,764	2,68,624	3,96,731	62,847	1,16,841	49,893	6,814	18,738	1,78,089	53	1,84,757	14,01,480

199 The amounts received on issue of bills, etc., are credited to this **Remittances**, head and the amounts paid upon them are debited to it. The head, therefore, ordinarily shows a credit balance equal to the amount of bills outstanding.

The balances under all the heads have been duly proved with the amounts of bills outstanding on the 31st March 1938. The debit balance under "Remittance Transfer Receipts, Local" in Madras is due to an amount of Rs 1,536 having been debited to Central instead of to Provincial. The differences have been adjusted in 1938-39. The head "Burma Remittance Transfer Receipts and Supply Bills" has been opened from 1937-38 on the separation of Burma from India with a view to accommodate transactions relating to Remittance Transfer Receipts and Supply Bills issued by Burma on treasuries in India and *vice versa*. The balance in Bengal under this head as shown in the broadsheet is a credit balance of Rs 6,034 differing from the ledger balance by Rs 8,567. The difference has since been adjusted. There were certain other minor differences in the accounts of Central Revenues, Madras, Bombay, Punjab, Bihar and Orissa which have been adjusted in the accounts for 1938-39, except those under Central Revenues which are under settlement.

Money Orders.

Cr. Rs. 98,85,171

200 The balance under this head represents the difference between the receipts and payments in respect of Inland Money Order issues of the years 1936-37 and 1937-38. The accounting process is not, however, complete unless the ledger balance has been reconciled with the actual amount of unpaid money orders picked out from the lists of money orders issued. In practice, there are always some differences between the two sets of accounts due to errors in the various stages of work done in Post Offices and the Audit Offices. As these differences represent the extent to which accounting methods fall short of an absolute standard of efficiency they are reported annually to the Auditor General of India to enable him to judge the efficiency of audit in this field. The amount of unexplained difference reported to the Auditor General at the end of 1937-38 was Rs 4,708.

Remittances adjusted on the Central Books **Dr. Rs. 212**

201 This account consists of two parts, *viz* (1) Foreign Remittances and (2) Central Adjusting Account.

No outstanding is allowed to remain under the first head, as the unacknowledged remittances are adjusted every month on the books of Central Revenues by addition to the head "Remittances in Transit" subordinate to "Cash Balances". The debit balance under the second head has been adjusted in the accounts for 1938-39.

Remittances.

Adjusting Account between Central and Provincial Governments

Cr. Rs. 61,476

202 With the separation of the banking accounts of the Provincial Governments from those of the Central Government as a result of the introduction of Provincial Autonomy with effect from 1st April 1937, transactions between the Central and the Provincial Governments are settled by the correction of their respective balances through the Reserve Bank of India. Until this correction is effected, the transactions are kept in the books of the originating Account Circle under the head *Adjusting Account between Central and Provincial Governments*. The above balance represents the outstanding amount for which monetary settlement could not be carried out in the Reserve Bank's accounts for the year 1937-38.

The details of the balance by circles of Account are given below —

The details of the balance by circles of Account are given below —														Remittances
(Credit +, Debit—)														
	Central Revenues	Indian Stores Department	Madras	Bombay.	Bengal	United Provinces	Punjab.	Bihar	Central Provinces and Berar	North West Frontier Province	Assam	Sind	Total	
	Rs	Rs.	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	
Adjusting Account between Central Revenues and Madras	+16,936		—1,17,367										—1,00,421	
Do Bombay	—2,071			+5,446									+3,375	
Do Bengal	—15,900				—39,325								—55,225	
Do United Provinces	—10,061					+44,378							+34,317	
Do Punjab	—11,330	+6					+775	—16,340					—10,549	
Do Bihar	—1,292												—17,632	
Do Central Provinces and Berar	+26,133								+5,861				+31,994	
Do North-West Frontier Province										+1,74,999			+1,74,999	
Do Assam	+331										—14,385		—14,054	
Do Orissa	—23												—23	
Do Sind	+62											+14,633	+14,695	
Total	+2,785	+6	—1,17,367	+5,446	—39,325	+44,378	+775	—16,340	+5,861	+1,74,999	—14,385	+14,633	+61,476	

The balances have been verified with the separate registers maintained for the purpose and a difference of Rs. 20 was noticed in Assam which has since been settled. The balances have been adjusted in the accounts for 1938-39.

The balances have been verified with the separate registers maintained for the purpose and a difference of Rs. 20 was noticed in Assam which has since been settled. The balances have been adjusted in the accounts for 1938-39.

Accounts between Departments ..	Dr. Rs	8,030
	Cr. Rs.	1,13,26,813

Remittances

203 The balances recorded under this head differ in kind from those reviewed in the previous paragraphs, as they represent balances between two of the sets of accounts in respect of the amount by which one set of accounts could not take up the debits and credits passed on to it by the other. As balances, therefore, they do not exist elsewhere than upon the Central books, for each local Account Officer writes off each year the amounts which he passes on to another. The following are the separate ledger balances under this account

	Dr Rs	Cr Rs
Accounts between Civil and Civil		2,38,525
Exchange Accounts between Defence Accounts Officers (including Navy)	135	
Transfers between Railways	.	
Exchange Accounts between Posts and Telegraphs and Railways	7,895	
Exchange Accounts between Posts and Telegraphs and Defence Services (including Navy)		99
Exchange Accounts between Railways and Defence Services (including Navy)		..
Exchange Accounts between Civil and Posts and Tele- graphs		5,52,146
Exchange Accounts between Civil and Railways		92,28,246
Exchange Accounts between Civil and Defence Services (including Navy)		13,07,797
	8,030	1,13,26,813
Net Cr	1,13,18,783	

204 The net credit of Rs 1,13,18,783 is composed of—

	Debits Rs	Credits Rs
Cheques and Remittance Transfer Receipts	1,44,871	1,14,22,698
Miscellaneous Items	55,323	96,279
Total	2,00,194	1,15,18,977
Net Cr	1,13,18,783	

205 The debits under *Cheques and Remittance Transfer Receipts* are on account of Payments made on cheques during 1937-38 for which corresponding credits were not afforded till the following year, while the credits under the head represent the amount of cheques and transfer receipts issued in 1937-38 but not paid during the year. The outstandings under *Miscellaneous Items* have been mostly adjusted in the accounts for 1938-39 with the exception of a few disputed claims relating mainly

to Central Revenues and Railways The adjustment of these items is expected to be included in the accounts for 1938-39 The progress of adjustment has been generally satisfactory The outstandings are subjected to a careful scrutiny in the office of the Auditor General of India and steps are taken to adjust them as expeditiously as possible

Remittance Account between England and India

Secretary of State Dr. £120,162

High Commissioner for India Dr. £ 99

Total £120,261

206 Up to 1935-36 the transactions under this head used to be closed to Government Account both in India and England It has been decided to show the amount outstanding under this head under "Balances in England" as the transactions are expressed in sterling and the outstanding amount normally represents an asset or liability to Government.

SECTION V. Cash balance { INDIA Rs. 10,35,21,345 ENGLAND £719,799

207 The Cash Balances in India were distributed as follows

Cash Balances India.

Province	Cash in District Treasuries	At credit of Government with the Reserve Bank of India and its Branches
	Rs	Rs
India General	9,72,495	10,15,48,407
Baluchistan	1,79,311	
Bombay	1,99,633	
Bihar	2,43,700	
Central Provinces and Berar	2,10,900	
North-West Frontier Province	26,992	
Assam	98,748	
Orissa	—92,400	
Coorg	1,33,559	
	19,72,938	10,15,48,407
Total	10,35,21,345	

208 The Treasury Balances have all been agreed with the Cash Balance Reports for March 1938 except in the cases of Bushire and Iran, after allowance has been made for remittances in transit at the end of the month There was a small difference in Bushire which was due to an

Cash Balances—India

error in conversion of Ruials into Rupees in the Cash Balance Report and in the case of Iran no Cash Balance Report is received. The closing balance of the Central Government with the Reserve Bank of India stood at Rs 10,15,48,407 against Rs 10,15,53,327 reported by the Bank. The difference of Rs 4,920 has been settled in the accounts for 1938-39.

Cash Balances England

209 The cash balances in England were distributed as follows

£

Secretary of State

Cash in hand or at the Bank of England	574,785
--	----	----	----	---------

High Commissioner for India—

Cash at the Reserve Bank of India and in the hands of the Cashier ..	145,014
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3

Total England . 719,799

APPENDIX A.

Statement of balances on 31st March 1937 in the books of the Accountant General, Burma, and the Controller of Military Accounts, Burma District, included in the scheme of Financial Settlement with the Separated Burma Government

	Accountant General, Burma		Controller of Military Accounts, Burma District		Total	
	Dr Rs	Cr Rs	Dr Rs	Cr Rs	Dr Rs	Cr Rs
N—Public Debt—						
Floating Debt		16,25,000				16,25,000
O—Unfunded Debt—						
Indian Civil Service Provident Fund		14,85,205				14,85,205
General Provident Fund		1,30,88,649		2,27,255		1,33,15,904
Indian Civil Service (Non-European Members) Provident Fund		86,444				86,444
Contributory Provident Fund		9,66,789				9,66,789
Other Miscellaneous Provident Funds		25,951				25,951
Cemetery Endowment Fund		20,371		22,656		43,027
P—Deposits and Advances—						
Deposits of Local Funds		96,75,719				96,75,719
Civil Deposits		28,74,546				28,74,546
Other Deposits				41,974		41,974
Advances Repayable	3,43,610		15,882		3,59,492	
Permanent Advances	1,56,988				1,56,988	
Account with Reserve Bank	20,216				20,216	
Coinage Account	3,63,815				3,63,815	
Suspense Accounts		2,95,326		175		2,95,501
Cheques and Bills		1,33,743				1,33,743
Departmental and Similar Accounts	7,018			86,940		79,922
Q—Loans and Advances by the Central Government—						
Loans to Government Servants	7,67,423		58,787		8,26,210	
Loans to Indian States, Local Funds, etc	6,482				6,482	
Miscellaneous Loans and Advances	1,13,968				1,13,968	
Loans to Shan States Federation	13,42,627				13,42,627	
S—Remittances		4,54,767	87			4,54,680
Total	31,22,147	3,07,32,510	74,756	3,79,000	31,89,798	3,11,04,405

APPENDIX B.

Statement of balances on 31st March 1937 relating to Burma Railways and Burma Posts and Telegraphs Department appearing in the books of the Controller of Railway Accounts and the Accountant General, Posts and Telegraphs written off to Government Account Central, in the ledger for 1937-38

	Controller of Railway Accounts		Accountant General, Posts and Telegraphs		Total	
	Dr Rs	Cr Rs	Dr Rs	Cr Rs	Dr Rs	Cr Rs
O—Unfunded Debt—						
State Railway Provident Fund		2,15,20,369				2,15,20,369
General Provident Fund		170		8,43,332		8,43,502
Staff Benefit Fund		36,909				36,909
Post Office Savings Bank Deposits				2,09,04,064		2,09,04,064
P—Deposits and Advances—						
Depreciation Reserve Fund		1,48,32,481				1,48,32,481
Renewals Reserve Fund				23,33,969		23,33,969
Deposits		2,24,283		62,587		2,86,870
Advances Repayable			36,795		36,795	
Permanent Advances			240		240	
Suspense Accounts				6,058		6,058
Departmental and similar Accounts	2,04,397		5,76,986		7,81,383	..
Q—Loans and Advances by Central Government	62,022		52,587	..	1,14,609	.
S—Remittances	..	.	44,196	..	44,196	..
Total	2,66,419	3,66,14,212	7,10,804	2,41,50,010	9,77,223	6,07,64,222

APPENDIX C.

Statement showing the balances on 31st March 1937 in the books of the various Accounts Officers in India and England relating to the separated Burma Government written off to Government Account Central, in the ledger for 1937-38

	Dr Rs	Cr Rs
<i>Accountant General, Central Revenues—</i>		
General Provident Fund		1,65,616
Permanent Advances	700	.
Advances Repayable	485	..
Provincial Loans Fund	6,74,94,285	..
<i>Accountant General, Bombay—</i>		
General Provident Fund		861
Advances Repayable	450	.
<i>Accountant General, Bengal—</i>		
General Provident Fund		1,316
Permanent Advances	200	..
Total India	6,74,96,120	1,67,793

Balances in the Remittance Account between England and India—

Account with the Secretary of State	Dr £	Cr. £
<i>Civil.</i>		
<i>Air Ministry—</i>		
Charges for landing grounds on Calcutta-Singapore Air Route		255
<i>Board of Trade</i>		
Light Dues payable to Board of Trade		63
Balances on Indian Shipping Master's Accounts		83
Miscellaneous	144	.
Total Civil	144	401

APPENDIX C contd.

	Dr	Cr
	£	£
<i>Military</i>		
War Office		
Payments in India on Army Form O-1706	487	—
Pensions, etc , issued in India on behalf of the War Office	360	—
Effects of deceased officers and men of the British Army	—	9
Sundry Departments and Dominion Governments—		
Pensions, etc , issued in India on behalf of His Majesty's Paymaster-General	28	—
Payments in India chargeable to the Military of Pensions	697	..
Miscellaneous	388	..
Other Remittance Transactions—		
Remittance by British soldiers for deposit in the Post Office Savings Bank or investment in British Securities		614
Total Military	1,960	623
Total Account with Secretary of State	2,104	1,024

APPENDIX D.

Statement of balances on 31st March 1937 relating to Aden appearing in the books of the Accountant General, Bombay and Accountant General, Posts and Telegraphs, written off to Government Account Central in the ledger for 1937-38

	Dr Rs	Cr Rs
<i>Accountant General, Bombay</i>		
O—Unfunded Debt—		
State Provident Funds		1,58,108
Cemetery Endowment Fund		7,726
P—Deposits and Advances—		
Civil Deposits		4,51,697
Advances Repayable	3,307	
Permanent Advances	1,920	
Q Loans and Advances by the Central Government	1,868	
S Remittances		612
Total	7,095	6,18,143
<i>Accountant General, Posts and Telegraphs</i>		
O—Unfunded Debt—		
Post Office Savings Bank Deposits		5,73,912
General Provident Fund		23,200
P—Deposits and Advances—		
Renewal Reserve Fund		26 953
Advances Repayable	1,767	
Departmental balance	4,510	
Total	6,277	6,24,065
GRAND TOTAL	13,372	12,42,208

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APPENDIX E.

Statement of balances on 31st March 1937 in the books of the Accountant General, Burma, and the Controller of Military Accounts, Burma District, which related to (i) officers who have been treated as on foreign service with that Government from 1st April 1937, (ii) the Lighthouse Department, Burma and (iii) other miscellaneous items not brought forward in their books for 1937-38 but transferred to the books of Accounts Officers in India

	Transfer from Accountant General, Burma to				Transfer from C M A, Burma District to				Grand Total		
	A G, Central Revenues		A G, United Provinces		C M A & Pen- sions, Lahore		C M A Eastern Com- mand			C M A Northern Com- mand	
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs		Rs	Rs
N—Public Debt— Treasury Bills	Cr	16,25,000									16,25,000
O—Unfunded Debt— General Provident Fund	Cr	4,417	6,911	47,398		1,38,118				1,38,118	1,96,904
Indian Civil Service Pro- vident Fund	Cr	2,280					2,280				2,280
P—Deposits and Advances— Permanent Advances	Dr		500							500	
Coinage Account— Small Coin Depot											
Balances	Dr	3,63,815									
Q—Loans and Advances by the Central Government— Loans to Government Ser- vants—											
Advances for the purchase of Motor Cars	Dr	486									
House Building ad- vances	Dr										
Advances for the pur- chase of other con- veyances	Dr										
S—Remittances—											
Remittances by Bills— Foreign supply bills	Cr	300									300
Foreign Remittance Transfer Receipts	Cr	3,793	10	941							4,754
Total		20,00,111	7,141	67,398	3,01,801	1,38,118	51,605	3,593	85,258	4,26,079	19,20,238

B. DEBT, DEPOSIT AND REMITTANCE ACCOUNTS.

PART II ACCOUNTS

No 1 SUMMARY OF THE RECEIPTS AND DISBURSEMENTS BY MAJOR HEADS

Heads of Receipts. 1	Actuals for 1937-38 2	Heads of Disbursements 3	Actuals for 1937-38 4
	Rs		Rs
N.—Public Debt incurred—		N —Public Debt discharged—	
A —Debt raised in India—		A —Debt raised in India—	
Permanent Debt	1,08,50,000	Permanent Debt	14,51,352
Floating Debt	1,65,29,25,000	Floating Debt	1,55,82,50,000
B —Debt raised in England—		B —Debt raised in England—	
Permanent Debt		Permanent Debt	6,84,41,230
Total	1,66,37,75,000	Total	1,62,81,42,582
O.—Unfunded Debt—		O.—Unfunded Debt—	
Special Loans		Special Loans	21,920
Deposits of Service Funds	99,71,607	Deposits of Service Funds	5,78,01,497
Post Office Savings Bank Deposits	44,72,77,596	Post Office Savings Bank Deposits	39,75,90,118
Post Office Cash Certificates	13,96,76,662	Post Office Cash Certificates	18,16,01,358
State Provident Funds	8,23,75,877	State Provident Funds	5,33,74,424
Other Accounts	1,19,36,267	Other Accounts	65,53,038
Total	69,12,38,009	Total	69,69,42,355
P.—Deposits and Advances—		P.—Deposits and Advances—	
Part I —Deposits bearing Interest—		Part I —Deposits bearing Interest—	
(A) Reserve Funds		(A) Reserve Funds—	
Depreciation Reserve Fund —Railways	12,66,67,075	Depreciation Reserve Fund —Railways	8,07,55,098
Renewals Reserve Fund— Posts and Telegraphs	23,13,000	Renewals Reserve Fund— Posts and Telegraphs	15,30,201
Depreciation Reserve Fund— Northern India Salt Revenue Department	2,13,747	Depreciation Reserve Fund— Northern India Salt Revenue Department	5,04,570
Depreciation Reserve Fund— Lighthouses and Lightships	1,21,757	Depreciation Reserve Fund— Lighthouses and Lightships	
Railway Reserve Fund	1,05,000	Railway Reserve Fund	1,05,000
Additions and Replacements Reserve Fund—Lighthouses and Lightships	1,30,982	Additions and Replacements Reserve Fund—Light-houses and Lightships	19,000
General Reserve Fund—Light-houses and Lightships	2,16,061	General Reserve Fund— Lighthouses and Lightships	8,128

No 1 SUMMARY OF THE RECEIPTS AND DISBURSEMENTS BY MAJOR HEADS -*contd*

Heads of Receipts	Actuals for 1937-38 2	Heads of Disbursements	Actuals for 1937-38 4
1		3	
	Rs		Rs
P.—Deposits and Advances contd.		P.—Deposits and Advances—contd	
Part II—Deposits not bearing Interest—		Part II—Deposits not bearing Interest—	
(A) Sinking Funds		(A) Sinking Funds—	
Appropriation for Reduction or Avoidance of Debt—		Appropriation for Reduction or Avoidance of Debt—	
Sinking Funds	1,36,71,000	Sinking Funds	..
Other Appropriations	1,15,29,000	Other Appropriations	
(B) Reserve Funds		(B) Reserve Funds—	
Silver Redemption Reserve—		Silver Redemption Reserve—	
Silver Redemption Reserve	33,24,242	Silver Redemption Reserve	15,14,420
Silver Redemption Reserve Investment Account	6,41,56,980	Silver Redemption Reserve Investment Account	6,59,67,748
Equalisation Funds		Defence Reserve Funds	2,66,10,763
Defence Services	1,43,98,233		
Post Office Cash Certificates Bonus Fund		Post Office Cash Certificates Bonus Fund	1,15,24,883
Central Road Fund	1,41,00,125	Central Road Fund	61,70,358
Sugar Excise Fund	5,78,945	Sugar Excise Fund	
General Police Fund	43,196	General Police Fund	37,694
Fund for Economic Development and Improvement of Rural Areas	105	Fund for Economic Development and Improvement of Rural Areas	9,54,573
Fund for Development of Civil Aviation		Fund for Development of Civil Aviation	18,81,630
Fund for Special Frontier Expenditure including Development	9,24,228	Fund for Special Frontier Expenditure including Development	34,64,005
Fund for Development of Broadcasting		Fund for Development of Broadcasting	10,32,377
Renewals Reserve Fund—Army Ordnance and Clothing Factories		Renewals Reserve Fund—Army Ordnance and Clothing Factories	3,89,717
Renewals Reserve Fund—Dairy Farms	22,282	Renewals Reserve Fund—Dairy Farms	2,397
Renewals Reserve Fund—Grass Farms	17,427	Renewals Reserve Fund—Grass Farms	38,009
Renewals Reserve Fund—Medical Store Depots and Workshops	444	Renewals Reserve Fund—Medical Store Depots and Workshops	2,374
Depreciation Reserve Fund—Government Presses	1,30,506	Depreciation Reserve Fund—Government Presses	1,49,855
Fund for Sind and Orissa Buildings		Fund for Sind and Orissa Buildings	40,46,509
Revenue Reserve Fund		Revenue Reserve Fund	78,29,314

No 1 SUMMARY OF THE RECEIPTS AND DISBURSEMENTS BY MAJOR HEADS *concl*

Heads of Receipts 1	Actuals for 1937-38 2 Rs	Heads of Disbursements 3	Actuals for 1937-38 4 Rs
P.—Deposits and Advances—concl		P —Deposits and Advances—concl.	
Part II —Deposits not bearing Interest— <i>concl</i>		Part II —Deposits not bearing Interest — <i>concl</i>	
(C) Other Deposit Accounts—		(C) Other Deposit Accounts—	
Deposits of Local Funds	2,17,62,445	Deposits of Local Funds	2,08,38,248
Deposits of Branch Line Companies	2,39,856	Deposits of Branch Line Companies	2,77,724
Departmental and Judicial Deposits—		Departmental and Judicial Deposits—	
Civil Deposits	35,64,77,566	Civil Deposits	35,67,09,326
Other Deposits	20,14,78,244	Other Deposits	19,30,75,597
Other Accounts	14,10,367	Other Accounts	12,81,692
Balance of Coorg	70,935		
Part III —Advances not bearing Interest—		Part III —Advances not bearing Interest—	
Advances Repayable	5,54,41,695	Advances Repayable	5,50,13,611
Permanent Advances	20,901	Permanent Advances	52,325
Accounts with Foreign Governments and Indian States	3,76,88,307	Accounts with Foreign Governments and Indian States	3,88,72,882
Accounts with the Government of Burma		Accounts with the Government of Burma	16,41,038
Accounts with the Burma Railway Board	5,597	Accounts with the Burma Railway Board	
Accounts with the Reserve Bank	6,00,902	Accounts with the Reserve Bank	537
Accounts with His Majesty's Imperial Government	3,55,629	Accounts with His Majesty's Imperial Government	3,58,849
Coinage Account	46,76,910	Coinage Account	61,53,354
Part IV —Suspense—		Part IV —Suspense	
Suspense Accounts	1,33,75,196	Suspense Accounts	95,10,375
Purchases and Sales of Silver	41,79,374	Purchases and Sales of Silver	5,00,39,750
Cheques and Bills	2,75,351	Cheques and Bills	18,33,653
Departmental and similar Accounts	16,99,103	Departmental and similar Accounts	13,85,430
Part V —Miscellaneous—		Part V.—Miscellaneous—	
Miscellaneous	1,55,10,510	Miscellaneous	1,56,38,781
Total	96,79,33,223	Total	96,72,21,795
Q —Loans and Advances by the Central Government—		Q —Loans and Advances by the Central Government—	
Advances to Provincial Governments	2,52,52,323	Advances to Provincial Governments	1,12,830
Loans to Indian States	51,39,948	Loans to Indian States	15,00,000
Loans to Local Funds, etc	1,58,35,221	Loans to Local Funds	40,65,321
Loans to Government Servants	25,89,507	Loans to Government Servants	29,26,727
Total	4,88,16,999	Total	86,04,878

No 1 SUMMARY OF THE RECEIPTS AND DISBURSEMENTS BY MAJOR HEADS *contd*

Heads of Receipts 1	Actuals for 1937-38 2 Rs	Heads of Disbursements 3	Actuals for 1937-38 4 Rs
S.—Remittances—		S.—Remittances—	
I—Remittances within India—		I—Remittances within India—	
Money Orders	82,03,01,019	Money orders	82,18,87,739
Cash Remittances and Adjustments between officers rendering accounts to the same Accountant General or Comptroller		Cash Remittances and Adjustments between officers rendering accounts to the same Accountant General or Comptroller	68,70,188
Remittances by Bills		Remittances by Bills	12,11,784
Remittances adjusted on the Central books		Remittances adjusted on the Central books	340
Adjusting Account between Central and Provincial Governments	61,476	Adjusting Account between Central and Provincial Governments	
Accounts between Civil and Civil		Accounts between Civil and Civil	686,433
Exchange Accounts between Military Accounts officers		Exchange Accounts between Military Accounts officers	495
Exchange Accounts between Posts and Telegraphs and Railways		Exchange Accounts between Posts and Telegraphs and Railways	—5,527
Exchange Accounts between Posts and Telegraphs and Defence Services		Exchange Accounts between Posts and Telegraphs and Defence Services	—87
Exchange Accounts between Railways and Defence services		Exchange Accounts between Railways and Defence Services	26
Exchange Accounts between Civil and Posts and Telegraphs	7,22,39,632	Exchange Accounts between Civil and Posts and Telegraphs	7,20,30,853
Exchange Accounts between Civil and Railways	18,30,86,844	Exchange Accounts between Civil and Railways	18,3886,687
Exchange Accounts between Civil and Defence Services	34,93,32,588	Exchange Accounts between Civil and Defence Services	34,93 05,229
II—Remittances between England and India—		II—Remittances between England and India—	
Remittance Account between England and India—		Remittance Account between England and India—	
Accounts with the Secretary of State	38,26,58,284	Accounts with the Secretary of State	38,30,47,818
Accounts with the High Commissioner	7,99,44,314	Accounts with the High Commissioner	7,99,44,703
Total	1,88,76,24,157	Total	1,89,88,96,690

No 1 SUMMARY OF THE RECEIPTS AND DISBURSEMENTS BY MAJOR HEAD *concl'd*

Heads of Receipts 1	Actuals for 1937-38 2 Rs	Heads of Disbursements 3	Actuals for 1937-38 4 Rs
T.—Transfers of cash between Eng- land and India	48,99,61,449	T.—Transfers of cash between England and India	48,99,61,449
Total Receipts under Debt, De- posit, etc, heads	5,74,93,48,837	Total Disbursements under Debt, Deposit, etc, heads	5,68,97,69,749
Total Revenue as per Account No 2 of Part A	1,22,47,99,561	Total Expenditure as per Ac- count No 2 of Part A	1,25,76,25,682
Total Revenue and Receipts	6,97,41,48,398	Total Disbursements	6,94,73,95,431
V.—Opening Balance		V. Closing Balance—	
In India—		In India—	
Cash in District Treasuries	1,10,34,789	Cash in District Treasuries	19,72,938
Cash with Reserve Bank of India	6,75,83,768	Cash with Reserve Bank of India	10,15,48,407
In England—		In England—	
Secretary of State	70,39,681	Secretary of State	76,63,802
High Commissioner for India	7,07,462	High Commissioner for India	19,33,520
Total	8,63,65,700	Total	11,31,18,667
 GRAND TOTAL	 7,06,05,14,098	 GRAND TOTAL	 7,06,05,14,098

No 2 STATEMENT SHOWING THE CAPITAL AND OTHER EXPENDITURE (OUTSIDE THE REVENUE ACCOUNT) TO END OF THE YEAR AND THE PRINCIPAL SOURCES FROM WHICH FUNDS ARE PROVIDED FOR THAT EXPENDITURE

	On 31st March 1937	On 31st March 1938	Increase (+) Decrease (—) in the year ended 31st March 1938
1	2	3	4
	Rs	R	Rs
Capital and other Expenditure—			
1 Capital Expenditure—			
Commercial Departments—			
Railways	7,88,87,86,338	7,53,80,07,013	—35,07,79,295
Posts and Telegraphs	18,02,11,900	17,07,30,303	—94,81,597
Irrigation	1,76,97,462	1,77,83,578	+ 86,116
Other Commercial Departments and undertakings	5,04,86,737	5,89,66,018	—5,20,719
Total Commercial Departments	8,14,61,82,137	7,78,54,86,942	—36,06,95,195
Other Departments—			
New Capital at Delhi	15,31,50,073	15,59,64,370	+ 28,14,297
Other Accounts	14,13,36,294	14,16,27,397	+ 32,91,103
Total Other Departments	29,44,86,367	30,05,91,767	61,05,400
Total Capital Expenditure	8,44,06,68,504	8,08,60,78,709	—35,45,90,095
2 India's Financial Contribution to the War	1,50,00,00,000	1,50,00,00,000	
3 Loans and Advances—			
Advances to Provincial Governments	1,27,18,33,990	1,24,66,48,518	—2,51,85,472
Advances to Coorg	4,63,265	5,09,244	+ 45,979
Advances to Indian States, Local Bodies, etc	23,31,42,713	21,80,70,085	—1,50,72,628
Total Loans and Advances	1,50,44,39,968	1,46,52,27,847	—4,02,12,121
Total Capital and Other Expenditure	11,44,61,08,772	11,05,13,06,556	—39,48,02,216
4 Deduct—Contribution from Revenue for Capital Expenditure	25,83,66,987	18,58,26,394	—7,25,40,593
NET CAPITAL AND OTHER EXPENDITURE OUTSIDE THE REVENUE ACCOUNT	11,18,77,41,785	10,86,54,80,162	—32,22,61,623

No 2 STATEMENT SHOWING THE CAPITAL AND OTHER EXPENDITURE (OUTSIDE THE REVENUE ACCOUNT) TO END OF THE YEAR AND THE PRINCIPAL SOURCES FROM WHICH FUNDS ARE PROVIDED FOR THAT EXPENDITURE *contd*

	On 31st March 1937	On 31st March 1938	Increase (+) Decrease (—) in the year ended 31st March 1938
1	2	3	4
	Rs	Rs	Rs
Principal Sources of Funds—			
1 Capital contributed by Railway Companies and Indian States	37,39,27,268	34,53,99,207	—2,85,28 061
2 Debt—			
Permanent Debt—			
In India—Nominal Value	4,37,88,27,941	4,38,82,26,589	+ 93,98,648
Less—Unredeemed discount	9,62,30,148	8,92,22,148	—70,08,000
In England—Nominal value (Sterling converted into Rs at £ 1 = Rs 13½)	4,74,73,72,758	4,67,89,31,528	—6,84,41,230
Less—Unredeemed discount	7,56,57,178	7,16,90,675	—39,66,503
Less—Difference between 7 per cent stock exchanged for 3 per cent in 1921-24 and 3 per cent stock issued in exchange	8,36,52,413	8,36,52,413	
Floating Debt	28,53,75,000	38,00,50,000	+ 9,46 75,000
Unfunded Debt—			
Post Office Savings Bank Deposits	72,58,62,220	77,49,75,786	+ 4,91,13,566
Post Office Cash Certificates	64,40,06,441	60,20,81 745	1,19,24,696
State Provident Funds, etc	93,66,74,591	92,31,84,122	—1,34,90,469
Total Debt	11,46,25,79,212	11,50,28,84,534	+ 4,03,05,322
3 Depreciation and other Reserve Funds	40,53,43 541	54,48,07,016	+ 13,94,63,475
4 Net balance under Deposits, Advances, etc, other than those shown separately	30,09,06 374	—39,16 71,759	—69 25,78,133
5. Remittances		2 30,86 271	+ 2,30,86,271
TOTAL DEBT AND OTHER OBLIGATIONS	12,54,27,56,395	12,02,45,05,269	—51,82,51,126
Deduct—Cash Balance	21,36,02,721	11,31,18,667	—10,04,84,054
Deduct—Investments	2,09,35,411	13,05,66 470	+ 10,96, 31,059
NET PROVISION OF FUNDS	12,30,82,18,263	11 78 08,20,132	— 52,73 98 131

No 3 STATEMENT OF DEBT AND OTHER INTEREST-BEARING OBLIGATIONS SHOWING THE ADDITIONS TO, AND DISCHARGES OF DEBT, ETC, DURING THE YEAR, AND THE AMOUNT OF DEBT, ETC, AT THE COMMENCEMENT AND CLOSE OF THE YEAR

Description of Debt 1	Amount on 1st April 1937 2	Additions during the year 3	Discharges during the year 4	Amount on 31st March 1938 5
	Rs	Rs	Rs	Rs
I.—Public Debt—				
A —Debt raised in India—				
(a) Permanent Debt—				
(i) Loans bearing interest—				
5½ per cent Loan, 1938 40	19,13,89,900			19,13,89,900
5 per cent Loan, 1940 43	25,18,47,800			25,18,47,800
5 per cent Loan, 1945 55	56,74,94,200		..	56,74,94,200
5 per cent Loan, 1939 44	27,78,12,400			27,78 12,400
4½ per cent Loan for Indore State Railway	70,00,000			70,00,000
4½ per cent Loan, 1955 60	9,05,69 700			9,05,69,700
4 per cent Loan, 1960 70	63,30,26,300			63,30,26,300
4 per cent Loan, from Maharaja Scindia for State Railway	1,50,00,000			1,50,00,000
4 per cent Bonds, 1943	14,97,17,700			14,97,17,700
3½ per cent Loan, 1947 50	55,94,36,900			55,94,36,900
3½ per cent Loan, 1842 43	23,92,54,050	(a) 86,92,500	(a) 25,40,000	24,54,06,550
3½ per cent Loan, 1854 55	21,02 05,091	(a) 1,35,700	(a) 17,59,152	20,85,81,639
3½ per cent Loan, 1865	38,31,14,700	(a) 32,66,800	(a) 18,98,500	38,44,83,000
3½ per cent Loan, 1879	2,73,60,500	(a) 67,000	(a) 2,92,400	2,71,35,100
3½ per cent Loan, 1900 01	36,03,14,900	(a) 55,70,000	(a) 12,79,800	36,46,05,100
3 per cent Loan, 1896 97	3,16,05,700	7,50,000	1,500	3,23,54,200
3 per cent Loan, 1951 54	15 12 85,300			15,12,85,300
3 per cent Bonds, 1941	10,67,31,700			10,67,31,700
2½ per cent Loan, 1948 52	12,01,28,000			12,01,28,000
(ii) Loans not bearing Interest—				
6½ per cent Treasury Bonds, 1935	14,89,100		6,37,800	8,51,300
6 per cent Bonds, 1932	1,34,900		15,900	1,19,000
6 per cent Bonds, 1931	32,500		5 300	27,200
6 per cent Bonds, 1930	3,92,700		17,600	3,75,100
6 per cent Bonds, 1927	1,55,500		500	1,55,000
6 per cent Bonds, 1926	94,300		1,700	92,600
6 per cent Bonds, 1933 36	3,77,200		46,400	3,30,800
5½ per cent War Bonds, 1928	1,46,825		11,625	1,35,200
5½ per cent Bonds, 1925	18,350		1,575	16,775
5½ per cent War Bonds, 1920	2,91,475		5,250	2,86,225
5½ per cent War Bonds, 1921	2,70,550		17,750	2,52,800
5½ per cent War Bonds 1922	3,57,300		1,78,500	1,78,800
5½ per cent War Bonds, 1923	59,300		11,575	47,725
5 per cent Bonds, 1933	2,19,500		21,600	1,97,900
5 per cent Bonds, 1935	2,97,400		1,22,400	1,75,000
5 per cent War Loan, 1929-47	5,09,100		86,425	4,22,675
4½ per cent Bonds, 1934	2,73,700		63,400	2,10,300
4 per cent Terminable Loan of 1915 16	25,000		200	24,800
4 per cent Conversion Loan, of 1916-17	69,900		11,900	58,000
4 per cent Loan, 1934 37	3,18 500		54,600	2,63,900

(a) Includes additions and discharges due to conversion of loans

No. 3 STATEMENT OF DEBT AND OTHER INTEREST BEARING OBLIGATIONS SHOWING THE ADDITIONS TO, AND DISCHARGES OF DEBT, ETC, DURING THE YEAR, AND THE AMOUNT OF DEBT, ETC, AT THE COMMENCEMENT AND CLOSE OF THE YEAR *contd*

Description of Debt 1	Amount on 1st April 1937 2 Rs	Addition during the year 3 Rs	Discharges during the year 4 Rs	Amount on 31st March 1938 5 Rs
I.—Public Debt—contd				
A —Debt raised in India—concl'd				
(b) Floating Debt—				
Treasury Bills	28,53,75,000	1,47,29,25,000	1,37,82,50,000	38,00,50,000
Other Floating Loans		18,00 00,000	18,00,00 000	
B —Debt raised in England—				
Permanent Debt—				
(i) Loans bearing Interest—				
India 5 per cent Stock, 1942 47	12,63,75,961		79,81,114	11,83,94,847
India 4½ per cent Stock 1950 55	53,13,65,580		77,78,625	52,35 86,955
India 4½ per cent Stock 1958 68	23,33,33,333			23,33,33,333
India 4 per cent Stock, 1948 53	16,00,00,000		8 6,00,000	15,14,00,000
India, 3½ per cent Stock, 1931	1,18,22,38,459		80,00,000	1,17,42,38,459
India 3½ per cent Stock, 1954 59	13,33,33,333			13,33,33,333
India 3 per cent Stock, 1948	1,02,69,89,137		32,00,000	1,02,37,89,137
India 3 per cent Stock, 1949 52	13,33,33,333		66,66,667	12,66,66,666
India 2½ per cent Stock, 1926	15,38,66,485			15,38,6 6,485
Burma Railways 3 per cent Debenture Stock	1,66,66,667			1,66,66,667
East Indian Railway 4½ per cent Irredeemable Debenture Stock	1,91,42,000			1,91,42 000
East Indian Railway 3 per cent New Debenture Stock	10,66,66,667			10,66,66,667
East Indian Railway 3½ per cent Debenture Stock	9,33,33,333			9,33,33,333
Eastern Bengal Railway 4 per cent Irredeemable Debenture Stock	46 48,880			46,48,880
Great Indian Peninsula Railway 4 per cent Irredeemable Debenture Stock	3,60,19,333			3,60,19,333
Great Indian Peninsula Railway 3½ per cent Debenture Stock	4,66,66,667			4,66,66,667
South Indian Railway 4½ per cent Perpetual Debenture Stock	56,66,667			56,66,667
(ii) Capital portion of Annuities created in purchase of Railways—				
East Indian Railway Annuity terminating 14th February 1953	17,82,01,822		76,90,598	17,05,11,224
Eastern Bengal Railway Annuity terminating 30th July 1957	2,21,84,053	.	7,10,690	2,14,73,363
Great Indian Peninsula Railway Annuity terminating 17th August 1948	16,64,51,550		1,22,56,387	15,41,95,163
Madras Railway Annuity terminating 1st April 1956	9,13,72,567	.	33,31,287	8,80 41,280
Scinde Punjab and Delhi Railway Annuity terminating 1st January 1959	7,32,03,987	.	21,72,003	7,10,31,984
(iii) Discharge of Liability in respect of British War Loan, (1929 47)				
	20,62,25,704	.		20,62,25,704

No 3 STATEMENT OF DEBT AND OTHER INTEREST BEARING OBLIGATIONS SHOWING THE ADDITIONS TO, AND DISCHARGES OF DEBT, ETC, DURING THE YEAR, AND THE AMOUNT OF DEBT, ETC, AT THE COMMENCEMENT AND CLOSE OF THE YEAR *concl'd*

Discription of Debt 1	Amount on 1st April 1937 2	Additions during the year 3	Discharges during the year 4	Amount on 31st March 1938 5
	Rs	Rs	Rs	Rs
I —Public Debt—concl'd				
B —Debt raised in England—concl'd				
(iv) Loans not bearing Interest —				
India 5½ per cent Stock, 1932	25,969		1,970	23,999
India 5½ per cent Stock, 1936	53,271		51,889	1,382
India 6 per cent Bonds, 1932	6,000			6,000
India 6 per cent Bonds, 1933	1,333			1,333
India 6 per cent Bonds, 1935	667			667
Total Public Debt	9,41,15,75,699	1,67,14,07,000	1,63,57,74,582	9,44,72,08,117
II —Unfunded Debt—				
Special Loans	1,45,84,255		21,920	1,45,62,335
Treasury Notes	71,619			71,619
Deposits of Service Funds—				
Indian Civil Service Family Pension Fund	5,88,11,967	28,42,340	1,93,42,262	4,23,12,045
Superior Services (India) Family Pension Fund	83,33,163	7,12,834	27,52,237	62,93,760
Indian Military Service Family Pension Fund	8,91,89,932	42,07,210	3,06,95,301	6,27,01,841
Indian Military Widows' and Orphans' Fund	1,03,31,922	13,99,766	39,17,816	78,13,872
Madras Military Assistant Surgeons' Fund	4,25,672	20,585	18,644	4,27,613
Bengal Uncovenanted Service Family Pension Fund	56,92,798	3,73,690	7,51,500	53,14,988
Bengal and Madras Service Family Pension Fund	16,58,845	88,295	70,135	16,77,005
Bombay Family Pension Fund of Government Servants	33,03,725	2,36,886	2,53,600	32,87,011
Post Office Savings Bank Deposits	72,52,88,308	44,72,77,596	39,75,90,118	77,49,75,786
Post Office Cash Certificates	64,40,06,441	13,96,76,662	18,16,01,358	60,20,81,745
State Provident Funds—				
State Railway Provident Institution	33,99,66,611	3,74,42,182	2,40,16,663	35,33,92,130
Companies' Railways Provident Fund	24,25,63,322	2,73,92,972	2,03,59,908	24,95,96,386
General Provident Fund	7,12,12,016	1,42,73,463	80,23,983	7,71,61,496
Indian Civil Service Provident Fund	11,27,269	1,86,354	86,259	12,27,364
Indian Civil Service (Non European Members) Provident Fund	42,255	—6,184	2,330	33,741
Defence Services Officers' Provident Fund	13,86,386	7,16,388	1,47,227	19,55,547
Indian Ordnance Department Provident Fund	51,37,921	7,04,351	3,04,003	55,38,269
Military Engineering Services Provident Fund	42,614	6,107	21,723	26,998
Contributory Provident Fund	38,97,085	7,96,869	3,08,858	43,85,096
Other Miscellaneous Provident Funds	24,07,347	8,63,375	1,03,470	31,67,252
Other Accounts—				
General Family Pension Fund	11,343	16,005	15,008	12,340
Hindu Family Annuity Fund	1,30,246	2,86,527	3,76,624	40,149
Bombay Family Pension Fund of Government Servants, Life Assurance Branch	30,932	14,620	15,177	30,375
Bengal Christian Family Pension Fund	7,125	33,827	33,775	7,177
Postal Insurance and Life Annuity Fund	7,45,33,566	1,06,20,812	50,85,985	8,00,68,393
Staff Benefit Fund	10,27,691	9,46,436	10,25,952	9,48,175
Cemetery Endowment Fund	7,23,623	18,040	517	7,41,146
Total Unfunded Debt	2,30,59,45,999	69,12,38,008	69,69,42,353	2,30,02,41,654
Total Debt and other Interest bearing Obligations	11,71,75,21,698	2,36,26,45,008	2,33,27,16,935	11,74,74,49,771

No. 4 STATEMENT OF LOANS AND ADVANCES SHOWING THE AMOUNTS ADVANCED AND repaid, INTEREST RECEIVED DURING THE YEAR AND THE BALANCES OF SUCH LOANS AND ADVANCES, AT THE COMMENCEMENT AND CLOSE OF THE YEAR

Major Heads and Minor Heads	Balance on 1st April 1937	Amount advanced during the year	Total	Amount repaid during the year	Balance on 31st March 1938	Interest received and credited to Revenue
1	2	3	4	5	6	7
	Rs	Rs	Rs	Rs	Rs	Rs
Advances to Provin- cial Governments —						
Madras	7,56,71,307		7,56,71,307	6,77,799	7,49,93,508	32,53,445
Bombay	33,14,62,249		33,14,62,249	74,75,544	32,39,86,705	1,36,92,632
United Provinces	25,77,05,428		25,77,05,428	36,02,877	25,41,02,551	87,18,133
Punjab	26,98,87,966		26,98,87,966	24,89,791	26,73,98,175	91,06,919
Central Provinces and Berar	3,78,22,402		3,78,22,402	50,33,506	3,27,88,896	15,35,846
Assam	30,65,244		30,65,244		30,65,244	45,979
North-West Fron- tier Province	35,00,000		35,00,000	35,00,000		22,096
Sind	29,27,19,394		29,27,19,394	24,05,955	29,03,13,439	1,29,33,116
Coorg	4,63,265	1,12,830	5,76,095	66,851	5,09,244	14,317
Total	1,27,22,97,255	1,12,830	1,27,24,10,085	2,52,52,323	1,24,71,57,762	4,93,22,483
Loans to Indian States	13,24,29,165	15,00,000	13,39,29,165	51,39,948	12,87,89,217	4,60,948
Loans to Local Funds, etc —						
Loans to Major Port Trusts	8,00,35,071	2,00,000	8,02,35,071	1,51,67,304	6,50,67,767	30,05,585
Loans to Munic- ipalities	76,56,222	1,00,000	77,56,222	1,88,280	75,67,942	3,13,103
Loans to District and other Local Fund Com- mittees	6,99,885	35,04,000	42,03,885	39,873	41,64,012	8,475
Loans to Landholders and other Nota- bilities	1,78,654		1,78,654	97,974	80,680	5,169
Loans to Railway Companies	20,10,000		20,10,000		20,10,000	80,400
Advances to Culti- vators	16,35,178	2,61,321	18,96,499	2,08,348	16,88,151	45,357
Advances under Special Laws	35,49,072		35,49,072	52,225	34,96,847	1,71,548
Miscellaneous Loans and Advances	11,14,724		11,14,724	81,217	10,33,507	52,625
Total	9,68,78,806	40,65,321	10,09,44,127	1,58,35,221	8,51,08,906	36,82,262

FINANCE ACCOUNTS CENTRAL GOVERNMENT.

No 4—STATEMENT OF LOANS AND ADVANCES SHOWING THE AMOUNTS ADVANCED AND REPAID, INTEREST RECEIVED DURING THE YEAR AND THE BALANCES OF SUCH LOANS AND ADVANCES, AT THE COMMENCEMENT AND CLOSE OF THE YEAR *concl'd*

Major Heads and Minor Heads 1	Balance on 1st April 1937 2	Amount advanced during the year 3	Total 4	Amount repaid during the year 5	Balance on 31st March 1938 6	Interest received and credited to Revenue 7
	Rs	Rs	Rs	Rs	Rs	Rs
Loans to Govern- ment Servants —						
House building Ad- vances	14,51,739	9,70,887	24,22,626	7,39,923	16,82,703	86,343
Advances for the pur- chase of Motor Cars	22,43,892	18,39,926	40,83,818	17,32,285	23,51,533	78,633
Advances for the pur- chase of other con- veyances	73,337	77,250	1,50,587	74,710	75,877	3,049
Passage Advances	65,446	38,662	1,04,108	42,401	61,707	3,888
Other Advances	328	2	330	188	142	20
Total	38,34,742	29,26,727	67,61,469	25,89,507	41,71,962	1,71,933
Grand Total	1,50,54,39,968	86,04,878	1,51,40,44,846	4,88,16,999	1,46,52,27,847	5,36,37,626

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